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Understanding SE Growth: The Case of Bangladesh

**A thesis submitted to Middlesex University in partial fulfilment of
the requirements for the degree of Doctor of Philosophy**

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April 2016

Declaration

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Abstract

This thesis seeks to explore the hybrid nature of Social Enterprises (SEs) by investigating how they incorporate co-existence of social and economic goals and embed in multiple institutional domains. By synthesising insights from three literature domains - hybrid organisations, institutional views and strategic management - this thesis advances the understanding about the hybrid nature of SEs mainly in two ways. First, it examines the extent to which managerial tensions may result in hybrid SEs due to co-existence of values and influences from pluralistic institutional domains. Second, it explores how such organisations mobilise resources and capabilities in order to respond to internal tensions. The three research questions addressed in the thesis are: i) What is the nature of SE growth in Bangladesh?; ii) How does the institutional context influence SE growth in Bangladesh? and iii) What role do SEs' resources and capabilities play in responding to the institutional influences?

The study adopts a multiple case study approach, collecting data from eleven Bangladeshi SEs. With rapid rise of hybrid forms of SEs in Bangladesh, the findings of the study have both practical and policy implications. The insights on SEs' internal tensions can enable Bangladeshi policy makers to realise the needs and challenges of hybrid SEs in the country. This may aid the development of customised policies, incentives and support systems that are required to facilitate the growth of such organisations. The insights on the management of tensions can aid the leaders and managers in hybrid SEs to respond to their internal tensions more appropriately.

The study identifies six operational models through analysis of the social goal, economic mission, income source, governance structure and institutional setting of the studied cases. These models are: SEs that are fully reliant on grant, NGOs with trading elements, NGOs with full reliance on trading, social businesses, public and private limited corporations, and NGOs with conventional subsidiary enterprise. The findings further showed that the studied SEs have pursued social and economic goals simultaneously through adoption of four growth strategies: expansion, diversification, autonomous growth and partnership. The study identifies a number of competing pressures originating from multiple institutional domains which have affected the way they accomplished their social and economic goals. This interplay between SEs'

dual goals and institutional influences led to ten different tensions inside the studied cases. The management of these tensions, at the functional level, involved orchestration of SEs' resources and capabilities in a particular way. The specific ways of mobilisation of resources and capabilities ultimately led the SEs towards five different growth paths: i) forced adoption/coercive adoption, ii) proactive response, iii) adapt, iv) influence, and v) side-stepping.

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List of Abbreviations

ADAB	Association of Development Agencies in Bangladesh
AMFI	Association of Micro-Finance Institution
ASA	Association for Social Advancement
BEI	Bangladesh Enterprise Institute
BPF	Bangladesh Protibondhi Foundation
BRAC	Bangladesh Rural Advancement Committee
BSEP	Bangladesh SE Project
DTI	Department of Trade & Investment
FDC	Foundation for Development Cooperation
GCCN	Grameen Caledonian College of Nursing
GISB	Grameen Intel Social Business
GSS	Gono Shahajjo Sangstha
GTT	Grameen Telecom Trust
MFI	Micro-Finance Institution
NBFI	Non-Banking Financial Institution
NBFIA	Non-Banking Financial Institution Association
NGO	Non Governmental Organisation
NGOAB	Non Governmental Organisation Affairs Bureau
PKSF	Palli Karma-Sahayak Foundation
QF	Quasem Foundation
RBV	Resource Based View
RIB	Research Initiatives Bangladesh
SE	SE
WISE	Work Integration SEs

Chapter 1: Introduction

1.1 Background

Social Enterprises (SEs) have been identified as prime examples of hybrid organisations in a recent stream of studies (e.g. Battilana & Lee, 2014; Doherty et al., 2014). Hybrid organisations are defined by Doherty et al (2014:418) as “*structures and practices that allow the coexistence of values and artefacts from two or more categories. These organisations draw on at least two different sectoral paradigms, logics and value systems*”. In the case of SEs, hybridity occurs as they span the institutional boundaries that characterise private, public and third sectors (Jay, 2013; Pache & Santos, 2010). Previous studies identify that hybrid SEs operate in multiple functional domains in order to achieve their social and economic goals (Michaud, 2013; Santos et al., 2015; Smith & Lewis, 2011). In a recent paper, Doherty et al. (2014) posit that the internal management processes in SEs mediate the external and internal demands faced by any hybrid organisation. They argue that the concept of hybridity can potentially capture the complexity of the managerial processes in the SEs. Previous studies suggest the prevalence of competing pressures within the hybrid organisations (e.g. Besharov & Smith, 2014:365). These competing pressures are elicited due to hybrid organisations’ exposure to pluralistic institutional domains (Billis, 2010; Pestoff, 1998;2005).

Only recently, a small body of researchers started to explore whether and how SEs, as hybrid organisations, experience internal tensions in responding to these conflicting demands (e.g. Besharov & Smith, 2014; Smith et al., 2013) and also, what strategies they adopt to cope with these tensions (e.g. Pache & Santos, 2013; Santos et al., 2015). Previous studies have also found that the balancing of social and commercial goals may create internal tensions in SEs (Santos, 2012; Smith & Lewis, 2011). Smith and Lewis (2011) define tension as a situation when acceptance of “*contradictory yet interrelated elements that exist simultaneously and persist over time*” (p.328) becomes necessary for achieving organisational goals. As a consequence, the allocation of limited resources in order to pursue multiple goals and gain legitimacy from different institutional actors could be a significant strategic act for SE managers (Battilana & Lee, 2014). Despite some recent exciting attempts (e.g. Doherty et al., 2014; Hockerts, 2015; Santos et al., 2015), the current scholarship does not yet fully capture the nature of SEs’ strategic responses to their internal tensions. There is still a lack of micro-level empirical analysis of how

SEs respond to multiple institutional influences that they may experience in the process of pursuing their dual bottom lines (Doherty et al., 2014). By placing hybridity at the centre of analysis, this thesis seeks to extend this understanding mainly in two ways. First, it examines how managerial tensions may result in hybrid SEs due to co-existence of values and influences from pluralistic institutional domains. Second, it explores how such organisations mobilise resources and capabilities to respond to internal tensions. The thesis addresses these two objectives by synthesising insights from three bodies of literatures - hybrid organisations, institutional views and strategic management. The thesis aims to contribute to the emerging interest in SEs as hybrid organisations by drawing on data gathered from eleven SEs in Bangladesh that exhibit a variety of organisational forms and practices.

Research papers focusing on both institutional and strategic management views suggest that the dependence on external sources of support can pressurise the organisations to be responsive towards the demands stemming from influential resource providing institutions (e.g. Oliver, 1991; Wry et al., 2013). This act could be even more complex for hybrid organisations with experiencing competing demands from public, private and third sectors (cf. Pache & Santos, 2010; Pache & Santos, 2013). Pache and Santos (2010) find that a number of hybrid SEs do not blindly comply with a particular institutional demand. They note some degree of reflexivity in SEs' responses spurred by their need to impress multiple resource providers (e.g. Nicholls, 2010a; Nicholls, 2010b; Vickers & Lyon, 2012). These SEs have selectively adopt a few dominant logics that affect their core missions and strategies (Pache & Santos, 2010). Similarly, Jones et al. (2012) found that hybrid organisations may adopt single dominant logic while leaving others at the periphery. Previous studies have, therefore, found a range of responses adopted by hybrid SEs in order to respond to pluralistic institutional pressures. While these studies reflect upon SEs' responses at the strategic level, they have not addressed how these responses may translate into functional level actions involving specific orchestration of resources and capabilities. Therefore, this complex relationship between structure and agency in the cases of hybrid SEs is still less understood in the SE literature (Doherty et al 2014). This thesis seeks to explore this complex interplay and the outcome of it in terms of internal tensions in hybrid SEs.

As set out previously, the study draws on data collected from Bangladeshi social sector. The home of 22,000 SEs including NGOs, co-operatives and social businesses (NGOAB, 2015),

Bangladesh is regarded by some commentators as the ‘laboratory’ or ‘Mecca’ of SEs (Ahmed, 2009). Despite having numerous SEs with different forms and approaches, this country has received relatively little attention in SE research. In her literature review, Haugh (2005) finds that 82 per cent of the SE studies were focussed on developed countries. Defourny and Kim’s (2011) study on the nature of SE growth across East Asian countries is among the few exceptions. Overall, there is still a lack of research papers exploring the growth of the South Asian social sector. Granados et al. (2011), in their bibliometric analysis of SE literatures from 1991 to 2010, found that most studies (61%) focus mainly on two countries: USA and UK. Bangladesh did not even feature in their pie chart that included the list of countries investigated. Therefore, this study seeks to collect data from Bangladeshi SEs in order to address this empirical gap.

In the last decade, there has been a significant rise in the number of hybrid SEs in different parts of the world (Santos et al., 2015). The rise of hybrid SEs has not only shaped the internal management of many organisations in the third sector but has also paved the ground for a revived thinking by the policy makers about how to develop appropriate policies and support institutions in order to promote their growth. With shrinking donor funds since 2000s, the Bangladeshi social sector has also experienced the emergence of such hybrid SEs (Yunus, 2011; Yunus et al., 2010). Nevertheless, previous studies on Bangladeshi social sector predominantly highlight the needs and challenges of the conventional non-profit non-governmental organisations (NGOs) (Davis, 2006; Rahman, 2006). Subsequently, the policy and support needs of the new generation hybrid SEs in Bangladesh are limitedly addressed (Bangladesh Social Enterprise Project, 2010a; Tasnim, 2014). Bangladeshi policy makers need to develop an understanding on the needs and challenges of new generation hybrid SEs in order to offer an appropriate regulatory environment for their growth. This thesis seeks to aid Bangladeshi policy makers with insights on how the nature of institutional environment surrounding the hybrid SE in Bangladesh has influenced their growth. This insight has implication for the development of custom made policies and support systems for the new generation hybrid SEs in Bangladesh. Further to this, the findings of the thesis contributes towards the knowledge of hybrid SE leaders and managers in Bangladesh about how to mobilise resources and capabilities in order to manage their internal tensions.

1.2 Conceptual framework and working definitions

This section summarises the conceptual framework used in the study and sets the working definitions of the key constructs including SEs, hybrid organisations and institutions. The EMES research network conceptualises that SEs should ideally possess three common characteristics: an economic project, a social mission and a participatory governance structure (EMES Network 2013). Later, the EMES research network has added ‘pluralistic institutional setting’ as the fourth characteristic after identifying how SEs dwell on the boundaries of multiple institutional domains such as, state, market and society (Pestoff 1998; 2005). Therefore according to the EMES Network (2013:17), SEs are defined as:

“A specific organisational form that have an economic project, a social mission, a participatory governance structure and embeddedness in pluralistic institutions”.

The application of this definition is explored in the context of Bangladeshi hybrid SEs in this thesis. The more Bangladesh-specific aspects of this definition are identified in the empirical section of the study. This study considers five key dimensions for analysing the operational models of the studied SEs. These are: social goal, economic mission, governance structure, institutional setting and income source. The first four dimensions are adapted from the analytical tool proposed by the EMES Network (2013) for examining different models of SEs. A fifth dimension has been added drawing upon Lyon and Sepulveda (2009), in which they suggest that a common characteristic of SEs is that they earn income from multiple sources. As a result, the fifth dimension in the working definition of SEs is ‘income source’. Therefore, the current study uses an adapted version of analytical tool proposed by the EMES Network (2013).

As set out previously, the study seeks to explore the hybrid nature of SEs. Thus the definition of hybrid organisations offered by Doherty, Haugh, and Lyon (2014: 418) is adopted as a working definition in this thesis:

“...structures and practices that allow the coexistence of values and artefacts from two or more categories. These organisations draw on at least two different sectoral paradigms, logics and value systems”.

This definition of hybrid organisations points to two key characteristics evident in hybrid organisations: first, they draw on two/multiple different sectoral paradigms; and second, they have coexistence of values (Doherty et al., 2014). In identifying the hybrid nature of the studied SEs, the presence of these two characteristics with these cases is explored in the empirical section of the thesis.

The conceptual framework of the study includes three key constructs: i) institutional context; ii) the dual-value system in Hybrid SEs and iii) SEs' resources and capabilities to cope with tensions. The interplay of these three constructs will be explored in the thesis. The institutional context surrounding the SEs (the first construct) is analysed by drawing upon one of the dominant analytical frameworks in institutional studies, the three institutional pillars of Scott (1995; 2008). Comprising of regulatory, normative and cultural institutions, Scott's framework aids the analysis of how institutional issues influence organisations and defines institutions as:

“...comprising a combination of regulative, normative and cultural-cognitive elements that, together with the associated activities and resources, provide stability and meaning to social life” (Scott, 1995:47-48).

This definition aims to be comprehensive by identifying the three key factors underlying institutional order, including soft, intangible (cultural-cognitive and normative) aspects and other harder, more-visible elements (regulatory). Each element offers a different rationale for legitimacy claims, whether by virtue of being legally sanctioned, morally authorized, or culturally supported (Scott, 2008:51). The breadth of Scott's typology, therefore, appears to offer particular promise as a conceptual basis for examining the roles of regulatory and social institutions and the extent to which they enable or constrain SE growth.

The dual value system in hybrid SEs (i.e. the second construct in the conceptual framework) is analysed by drawing upon the literatures on hybrid organisations (e.g. Battilana & Dorado, 2010; Smith & Lewis, 2011). The organisation and development of SEs resources and capabilities and related management of tensions within SEs (i.e. the third construct) are analysed drawing upon the resource-based approach (Barney, 1991; Foss, 2012) and is broadened by including the capabilities-based view (Deakins & Freel, 1999). In the case of this thesis, adopting the extended resources and capabilities based view offers the potential to consider the range of entrepreneurial resources and capabilities developed and utilised by SEs, such as learning and innovation (e.g. Vickers & Lyon, 2012), marketing and communication, earning generation, alliance building, lobbying and staffing (e.g. Bloom & Smith, 2010). Therefore, the approach is focused on identifying how SEs in the context of Bangladesh orchestrate different resources and capabilities to interdependently accomplish overall organisational goals (both social and financial) while responding to multiple institutional logics to gain legitimacy and secure support from external institutions.

1.3 Research questions and objectives

The main research questions of the study and the sub-questions are:

RQ1: What is the nature of SE growth in Bangladesh?

RQ1a: What are the different types of SEs in Bangladesh?

RQ1b: What are the forms of growth adopted by the studied SEs?

This question responds to the call of Doherty et al. (2014) to further investigate the hybrid nature of SEs. The diversity of operational types of SEs present in Bangladesh is addressed through RQ1a. The five key dimensions (economic mission, social goal, governance structure, institutional setting and income sources) set out in the working definition is analysed to generate the SE categories.

RQ1b addresses the forms of growth of different types of SEs in Bangladesh, with reference to SEs' dual bottom lines and their hybrid nature (Austin et al., 2006; Battilana &

Dorado, 2010). To this end, the study examines the strategies/means adopted by Bangladeshi SEs in order to advance their social and economic goals.

RQ2: How does institutional context influence SE growth in Bangladesh?

Doherty et al. (2014) urged SE scholars to investigate institutional conditions that promote the establishment and growth of hybrid SEs, as well as those that hinder their creation and growth. Inspired by this call, RQ2a seeks to clarify both the positive and negative influences of the institutional environment on hybrid SEs' resource acquisition and growth. It further identifies the creation of internal tensions in hybrid SEs arising from their need to respond to competing institutional demands (Pache & Santos, 2013).

RQ3: What role do SEs' resources and capabilities play in responding to the institutional influences?

The academic motivation of the question follows again from Doherty et al. (2014) who urge to develop an understanding of how hybrid SEs respond to mixed institutional demands by creating and leveraging their resource portfolios. Henceforth, RQ3 focuses on the role of SEs' resources and capabilities in terms of responding to institutional influences. It identifies how hybrid SEs mobilise resources and capabilities to manage/minimise internal tensions and adopt a range of strategies to respond to institutional influences.

1.4 Structure of the thesis

This thesis is composed of nine chapters. Following this introduction, Chapters 2-4 review the relevant literature in order to develop a theoretical and contextual understanding. Chapter 5 details on the approach, data collection and analysis methodology adopted for conducting the thesis. Chapters 6-8 present the findings derived from the data analysis. The final chapter summarises the key findings, contribution and limitations of the research. The overview of the chapters is as follows.

Chapter 2: Theoretical approaches to understand SE growth

This chapter sets out the theoretical approach adopted by the study by defining SEs as hybrid organisations and by analysing how they are embedded in mixed institutional logics. SE

growth is then discussed, with specific reference to the managerial dilemmas posed by their mixed institutions contexts. The theory of organisational isomorphism, neo-institutional perspectives and mixed institutional logics are drawn upon to conceptualise this interplay of institutional influences and SEs' internal management dilemmas and responses.

Chapter 3: Studying SE growth – the conceptual framework

The chapter first addresses the nature of SE resources and capabilities, with reference to the tensions that can arise from having to balance the dual bottom line and pluralistic institutional influences. The relevant literature examined includes that on the resources and capabilities based view, scaling up and hybrid organising. The second section discusses the analytical framework adopted by this study drawing on literature review presented in Chapter 2 and 3.

Chapter 4: Overview of the SE sector in Bangladesh

Drawing on the existing literature and policy documents collected during field work, the chapter first summarises the history of the social sector and then identifies and describes the main institutions, both regulatory and social that are likely to be key influences on the behaviour of SEs in Bangladesh.

Chapter 5: Research methodology

This chapter lays out the research methodology adopted for the study. This involved a qualitative multiple case study approach, interviews and documentary data and thematic analysis using Nvivo software. The chapter provides justification for the chosen method in addressing each of the three research questions.

Chapter 6: Findings – The nature of SE growth in Bangladesh

The chapter examines the nature of growth of the selected SE cases. Six categories of SEs are identified based on the five criteria that constitute the working definition of SE. The chapter further investigates the forms of growth of the six SE operational models with particular reference to the dual-value system: the means of achieving social goals and the means of achieving financial goals.

Chapter 7: Findings – Tensions management strategy within the case studies

The chapter analyses the tensions that studied SEs experienced due to the conflicting influences/logics from multiple institutions and how they sought to balance and resolve those. It also illuminates how the studied SEs had developed and mobilised their resources and capabilities in order to respond to those tensions. The SE categories identified in Chapter 6 are used to examine how the nature of the tensions, their experience and management strategy varied across the categories of SEs in Bangladesh.

Chapter 8: Findings – The interplay of institutional influences and mobilisation of SEs' resources and capabilities

This chapter presents the findings on the interaction between the institutional influences faced and how SEs mobilise resources and capabilities in order to grow. The negative and positive institutional influences are identified and their role in SEs' internal tension creation are analysed. In so doing, the chapter builds upon an understanding of the regulatory, normative and cultural-cognitive institutions existing in state, market and society. The chapter then identifies the different growth strategies adopted by SEs in order to respond to institutional influences and resolve/minimise internal tensions.

Chapter 9: Conclusion

This final chapter summarises the results of the study and discusses their implications for theory building, and for SE practice, policy and support. It also outlines some limitations of the research and makes suggestions for future investigation.

Chapter 2: Theoretical approaches to understand SE growth

2.1 Introduction

This chapter reviews the literature on SE growth and sets out the theoretical background for the study. By placing the hybrid nature of SEs at the centre of discussion, the chapter sheds light on how competing demands from the institutional environment can impact on SEs' resources and capabilities, and their development by drawing upon theories relating to institutional isomorphism, a neo-institutional perspective and mixed institutional logics.

The chapter is organised as follows. Section 2.2 reviews the existing literatures on SE growth, identifying the main schools of thought and gaps in understanding. Sections 2.3 and 2.4 examine the definitions of SE and how they have been conceptualised as hybrid organisational forms. The chapter then discusses SE growth, focusing on the interplay between institutional influences and enterprise growth. The final part concludes by summarising the theoretical approach developed by the study.

2.2 Studying SE growth: a literature review

The start of the research on SE dates back to the late 1990s, gathering momentum from the mid-2000s. One of the first definitions of SEs proposed by Dees and Elias's (1998) is,

“SEs play the role of change agents in the social sector by adopting a mission to create and sustain social value, recognising and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation and learning, acting boldly without being limited by resources currently in hand and finally exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.”(p.166).

Kanter and Purrington (1998) defined SEs as “A profit-orientated businesses operating in public welfare fields”. Drawing upon these earlier definitions, Defourny (2001) argue that

“the [existing] literature is not able to embrace the whole reality of the SE” (p.23). Since 2006, SE has been defined from different perspectives, with identifying different models and organisational forms (e.g. Bull & Crompton, 2006; Jones & Keogh, 2006; Weerawardena & Mort, 2006). Since 2009, there has been a phenomenal growth of studies concerned with respect to defining, modelling and mapping SE, with growth emerging as a particular focus of research (e.g. Defourny & Kim, 2011; Lyon & Sepulveda, 2009; McKague & Tinsley, 2012; Teasdale, 2010, 2011; Young & Lecy, 2014; Zahra et al., 2009). The rising number of studies have also been accompanied by different and sometimes conflicting views, with the level of ambiguity and complexity surrounding the concept also becoming an integral part of this research area (Young & Lecy, 2014).

A number of scholars have studied SE growth through the lens of resources and capabilities based perspectives adopted from the field of strategic management (e.g. Kar, 2012; Lyon & Fernandez, 2012; Sunley & Pinch, 2012). SE growth has been studied in terms of how they develop human resource and build capacity (Bloom & Smith, 2010; Royce, 2007; Todres et al., 2006). The organisation of resources, conceptualised as ‘bricolage’, has also received academic attention in SE growth literature (Sunley & Pinch, 2012). SE growth has been studied in terms of their social impact and thereof, understanding how they undertake scaling up strategies (Bloom & Smith, 2010; Lyon & Fernandez, 2012; Vickers & Lyon, 2012). SE growth has also been examined with respect to social innovation (Vickers et al., 2014) and the strategic management of different internal functions (Doherty et al., 2009; Spear et al., 2013).

The institution-based perspective has contributed towards the understanding of SE growth in a number of previous studies (e.g. Bidet & Eum, 2011; Defourny & Nyssens, 2010; Mawson, 2010). The influences of a country’s historical landscapes and institutions on the nature of growth have received attention in these studies (Defourny & Nyssens, 2008, 2010; Kerlin, 2010). The other factors studied to understand their influences on SE growth are the policy environment (Mawson, 2010), legal framework (Bidet & Eum, 2011; Yu, 2011), and support institutions (Lyon & Ramsden, 2006; Mair & Marti, 2009). Previous studies have drawn on the theory of institutional isomorphism (DiMaggio & Powell, 1983) and the neo-institutional perspective (DiMaggio, 1988; Tracey, 2012). For instance, in line with the theory of institutional isomorphism, Sud et al. (2009) found that SEs mould into the demands of influential institutions in order to achieve legitimacy. In contrast, Nicholls (2010b) draws on the neo-institutional

perspective and argue that instead of blind compliance, SEs strategically craft their response towards key institutional actors in order to gain their favour and support. The findings of these earlier studies indicate a possible interplay between institutions and agency (Gawell, 2013).

Fundamental to the understanding of SE growth, which has been overlooked in early SE studies, is that they have to simultaneously achieve both social and financial goals (Ridley-Duff & Bull, 2011); and that they are subject to the competing logics of the multiple institutions in which they are embedded (Pache & Santos, 2010). A more recent stream of studies has addressed this gap by conceptualising SEs as hybrid organisations (e.g. Battilana & Lee, 2014; Doherty et al., 2014; Pache & Santos, 2010; Pache & Santos, 2013; Ridley-Duff & Bull, 2011). According to this conceptualisation, SEs do not fall within the clear cut boundaries of any single sector (i.e. public, private or third sector), but rather need to be understood as a cross-sector phenomenon (Billis, 2010; Huybrechts & Nicholls, 2013). Hence, Pestoff (1998;2005) conceptualises SEs in terms of how they respond to various actors, whether as part of the state, market or wider society in order to gain legitimacy and access to their resources. He proposed that third sector organisations are set at the blurred boundaries between state, market and society. Similarly, Ridley-Duff and Bull (2011) argue that such a hybrid conceptualisation of SEs has potential to illuminate the current ambiguity regarding SEs' origins, ethos and management practices including how they internally manage organisational functions to maintain their dual bottom line (Doherty et al., 2009) and how they seek to build legitimacy with key institutional actors (Pache & Santos, 2010).

Previous studies argue that the current SE conceptualisation falls short of providing an adequate framework for future research, policy and practice (e.g. Defourny & Nyssens, 2006; Young & Leczy, 2014). Therefore, it is clear that research on SE growth can significantly benefit from a framework that helps unpack the ambiguities surrounding the concept. In this respect, Doherty et al. (2014) claim that a hybrid framework can potentially resolve the current abstractness and tensions that have characterised much SE growth research. To further unpack this current ambiguity, new studies need to adopt a micro-level perspective on how SEs' internal organisation/management of resources and capabilities are influenced by their embeddedness within plural institutional contexts and how they influence key external actors (Doherty et al., 2014).

The current thesis extends this school of thought by examining the interplay between SEs' and their institutional influences in the context of Bangladesh. Drawing upon perspectives on hybrid organisations, resources and capabilities, and mixed institutional logics. This study, therefore, makes a theoretical contribution to research on the interplay between structure and agency by cross-fertilising theories from three areas of literature: social entrepreneurship, strategic management and institutional perspectives.

2.3 Defining SE

The concept of social enterprise emerges from the idea that non-profit organisations can respond to the limited and shrinking funding available from government and donors by diversifying their income sources through engaging in trading activities (Crimmins & Keil, 1983). There has been a trend in recent years for non-profit organisations to increasingly become quasi-commercial bodies in order to earn income from sales of goods and services, government funding, donations, grants and in-kind support. This trend has contributed to the emergence of SEs (Weerawardena & Mort, 2006). Alter (2002), Nicholls (2006), Dees and Anderson (2006) and few others propose SEs to be completely reliant on income from commercial activities and to be independent of any funds from government or donors. In contrast, the British model of SE stresses that a significant part (usually 50% or more) of the total income must be market-based for the enterprise to qualify as a 'SE' (Social Enterprise UK, 2011). Dees (1998) interprets that the different models of SEs can be positioned along a continuum involving purely philanthropic activities at the one end and purely commercial activities at the other end (Table 2.1). Thus, SE is considered the key term for a range of organisational forms including non-profit organisations, charities and foundations, cooperatives, mutuals, and social businesses (Grant, 2008).

Definitions of SE are, therefore, diverse according to different schools of thought (Defourny & Nyssens, 2010) and with different meanings in different parts of the world (Kerlin, 2010). The most dominant schools of thoughts can be characterised by their main focus, i.e. in relation to 'earned income' (DTI, 2002), 'social innovation' (Dees, 1998; Drayton, 2002; Mair & Marti, 2006); 'ownership structure' (DTI, 2004) and being 'mission-driven' (Thake & Zadek, 1997). These are presented in Table 2.2.

Table 2.1: The SE continuum

SE continuum			
	Purely Philanthropic	Hybrid	Purely Commercial
General motives, methods and goals	Social value creation	Social and economic value	Value creation
Beneficiaries	Pay nothing	Subsidized rates and/or mix of full payers and those who pay nothing	Pay full market rates
Capital	Donations and grants	Below-market capital and/or mix of full payers and those who pay nothing	Market rate capital
Workforce	Volunteers	Below-market wages and/or mix of volunteers and fully paid staff	Market rate compensation
Suppliers	Make in-kind donations	Special discounts and/or mix of in-kind and full price	Charge market prices

Source: Dees et al. (2002)

Table 2.2: SE definitions and schools of thought

School of thought	Definition	Author/s
Earned income	A business with primarily social objectives, whose surpluses are principally reinvested in the business or in the community, rather than being driven by the need to maximise profits for shareholders	(DTI, 2002)
	A business that trades for a social purpose	(Lyon & Sepulveda, 2009)
	A profit-orientated businesses operating in public welfare fields	(Kanter & Purrington, 1998)
Social innovation	Social sector organisations play the role of change agents by adopting a mission to create and sustain social value, recognize and relentlessly pursue new opportunities to serve that mission. They engage in a process of continuous innovation, adaptation and learning, act boldly without being limited by resources, and exhibit a heightened sense of accountability to the constituencies served and for the outcomes created.	(Dees, 1998)
	A process of creating value by combining resources in new ways...intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs.	(Mair & Marti, 2006)
	An organisation constantly looking for new ways to serve constituencies and add value to existing services.	(Brinkerhoff, 2001)
	A major change agent, one whose core values centre on identifying, addressing and solving societal problems.	(Drayton, 2002)
Ownership structure/governance	Autonomous organisations governed and owned by participating stakeholder groups and trustees.	(DTI, 2004)
	Democratically controlled organisations blending social and economic goals.	(Defourny & Nyssens, 2006)
Mission-driven	A mission-driven business approach.	(Defourny & Nyssens, 2010)
	Social entrepreneurs are driven by a desire for social justice. They seek a direct link between their actions and an improvement in the quality of life for the people with whom they work and those that they seek to serve. They aim to produce solutions that are sustainable financially, organizationally, socially and environmentally.	(Thake & Zadek, 1997)
	The art of simultaneously pursuing both a financial and a social return on investment (the 'double bottom line').	(Fuqua-School, 2005)

Given these different schools of thought and their respective definitions, the terminological ambiguity around SE is still unresolved. In a recent paper, Young and Lecy (2014) reviewed existing SE definitions and compared this definitional landscape with the metaphor of a ‘SE zoo’. Few studies embrace more than one school of thought in defining SE. For instance, Teasdale (2010) defines SE in relation to ownership structure and a mission-driven approach, using two axes with ownership ranging from individualistic to collective and mission ranging from purely economic to purely social. Based on this matrix, Teasdale (2010) identifies four forms of SE: social business (individualistic-economic), earned income for non-profit (individualistic-social), co-operatives (collective-social), and community enterprise (collective-social). Similarly, Lyon and Sepulveda (2009) explore the definition of SE by combining three dimensions: trading income, ownership structure and social aim/mission.

The EMES approach to SE is the most comprehensive and covers economic, social and entrepreneurial dimensions, as “organisations which combine an entrepreneurial dynamic to provide services or goods with a primacy of social aims” (The EMES Network 2013: 25). They conceptualise SEs to be non-profit private organizations that provide goods or services for the direct benefit of the community. In general, they rely on participatory forms involving various types of stakeholders in their governing bodies, place a high value on their autonomy and bear economic risks related to their activity. In 1996, EMES funded a major research project that resulted in the formation of the EMES European Research Network, including a group of scholars who devoted themselves to investigating ‘SEs’ in each of the 15 countries forming the EU. Their original approach included a list of four economic indicators and five social indicators, with the more recent addition of governance structure as another key dimension. In defining SE, they presented nine indicators in three subsets: an economic project, a social mission and a participatory governance structure. Drawing upon an understanding of the pluralistic institutional embeddedness of SEs Pestoff (1998;2005), a recent addition to the EMES’s original three dimension framework is the ‘institutional setting’ (Table 2.3) (EMES Network, 2013).

The application of this definition is explored in the context of Bangladeshi hybrid SEs in this thesis. The more Bangladesh-specific aspects of this definition are identified in the empirical section of the study. This study considers five key dimensions for analysing the operational models of the studied SEs. These are: social goal, economic mission, governance structure, institutional setting and income source. The first four dimensions are adapted from the

analytical tool proposed by the EMES Network (2013) for examining different models of SEs. A fifth dimension has been added drawing upon Lyon and Sepulveda (2009), in which they suggest that a common characteristic of SEs is that they earn income from multiple sources. As a result, the fifth dimension in the working definition of SEs is ‘income source’. Therefore, the current study uses an adapted version of analytical tool proposed by the EMES Network (2013).

Table 2.3: Indicators of EMES ideal-type SEs

<i>Economic project</i> A continuous production Some paid work An economic risk	<i>A social mission</i> An explicit social mission Limited profit distribution, reflecting the primacy of social aim An initiative launched by a group of citizens or a third sector organisation(s)
<i>A participatory governance</i> A high degree of autonomy A participatory nature, which involves various parties affected by the activity A decision-making power not based on capital ownership	<i>Institutional setting</i> Accreditation Federative bodies Share of market resources, public grant and voluntary resources Market-based principles

Source: The EMES Network (2013:17)

2.4 SEs as hybrid organisations

The definition set out above conceptualises SEs in terms of their adherence to both social and commercial goals. Bull and Crompton (2006) suggest that SEs takes a variety of organisational forms along a continuum of ‘social organisation’ (with a social purpose) and ‘enterprise’ (business with a social mission). Previous studies have placed SEs at the boundaries of the third, private and public sectors (Brandsen et al., 2005; Defourny, 2001; Ridley-Duff & Bull, 2011). Therefore, SEs not only balance the social and economic goals but also respond to external influences originating from multiple institutional fields. As a consequence, a relatively new body of literatures has conceptualised SEs as hybrid organisations, in which their mobilisation of external and internal resources (Battilana & Lee, 2014), internal strategic management (Doherty et al., 2014) and external communications (Michaud, 2013) takes a specific form.

From the resource-based perspective, SEs can draw on the market, the society and the state for income and support (Aiken, 2006). Meeting the expectations of various institutions and achieving legitimacy with key actors is often a precursor to gain access to institutional resources and support. For instance, the market logics typically require organisations to comply with the principles of competition; the state requires compliance with its policies and related regulations; and the communities expect care and loyalty from a given organisation (Brandsen et al., 2005). Being positioned within the lumpy landscape of a cross-sector model (Aiken, 2006), SEs need to be able to understand and combine, within one organisation, the components and rationales of state, market and civil society in order to gain access to the resources they need in order to grow (Evers, 2001).

Hybridity as a concept is scattered across numerous academic disciplines and defined in various ways (Brandsen & Karré, 2011). A relatively broad definition of hybrid organisations is that they are “*organisations with heterogeneous arrangements, characterised by mixtures of pure and incongruous origins, (ideal) types, cultures, co-ordination mechanisms, rationalities or action logics*” (Brandsen et al., 2005: 750). By definition, hybrid organisations are “*sites for contradiction, contestation and conflict*” (Doherty et al., 2014:425). A more clear and comprehensive definition of hybrid organisations offered by Doherty et al. (2014: 418) is adopted as a working definition in this thesis:

“...structures and practices that allow the coexistence of values and artefacts from two or more categories. These organisations draw on at least two different sectoral paradigms, logics and value systems”.

The very nature of a hybrid organisation, therefore, places SEs in an ambiguous position regarding their origins and primary ethos. In this respect, Billis (2010) posits that despite their cross-sector nature, hybrid organisations will tend to have roots and a primary adherence to the principles of one sector. Based on this pre-assumption, he identifies two main types of hybrid organisation: organic and enacted. Organic hybrids originate from a particular root, embracing the ethos of a particular sector and evolve over time by incorporating elements from other sectors when seeking resources and legitimacy from key actors. On the other hand, enacted hybrids cross

fertilise their ethos from multiple sectors from their inception, and thus are conceptualised as ‘born hybrids’. Drawing upon this typology, SEs can be viewed as ranging from organic (i.e. having evolved from classic non-profit organisation) to enacted hybrids (i.e. established as a hybrid organisation from inception).

By definition, SEs have to internally manage their resources and capabilities in order to comply with logics for both business success and welfare/social value creation (Tracey et al., 2011). Furthermore, SEs have to achieve legitimacy with multiple external actors within the environment in which they operate (Pache & Santos, 2010). In so doing, they have to be competitive to be sustainable in the market, coercive to secure support from public institutions, and open to receiving acceptance and support from the communities which they serve (Brandsen & Karré, 2011). Being hybrid organisations, SEs face certain tensions and paradoxes (Doherty et al., 2014; Smith et al., 2013), which they need to be able to manage in order to survive and grow, as further explored below.

2.5 Theoretical approaches to understanding SE growth

SE growth has been studied from different perspectives, with strategic management and institutional views being the most dominant. The strategic management approach conceptualises SE growth as involving internal changes aimed towards maximising social impact (Lyon & Fernandez, 2012) and finding ways of demonstrating this to others (Paton, 2003). In line with the strategic management thinking, the concept of SE growth is also addressed in terms of the differentiation of services (Nicholls, 2006), diversification of programmes (Doherty et al., 2009), and increased market penetration and growth through developing multiple sites (Grossman & Rangan, 2001). Studies that draw upon institutional perspectives conceptualise growth as being largely driven by the degree to which SEs are embedded in different institutional contexts and their consequent growth patterns and management of institutional influence (Defourny & Nyssens, 2008; Mair & Marti, 2009; Sud et al., 2009; Yu, 2011).

A number of studies at the intersection of strategic management and institutional approaches conceptualise SE growth as a function of the ability to manage relationships with multiple institutional actors to achieve legitimacy (Pache & Santos, 2010) while managing the

tension between social-economic goals (Doherty et al., 2009; Michaud, 2013). The current study seeks to incorporate the mixed institutional logics and resource and capabilities based view in the conceptual framework for two reasons: first, this allows for the cross-fertilisation of concepts from two dominant perspectives, i.e. institutionalist and strategic management. Second, such a framework is comprehensive and holistic as it allows an in-depth micro-level analysis of both external and internal activities, as well as encompassing their inter-dependent role in terms of institutional legitimacy and SEs' dual bottom lines. Due to the hybrid nature of SEs, their growth, therefore, needs to be understood in terms of the effective orchestration of resources and capabilities in response to the challenges and opportunities presented by the institutional context.

2.5.1 The interplay between SE growth and institutional influences

This section examines in greater detail about what is known about the interplay between SE growth and institutional influence. The section first focuses on the early theories related to institutions and institutional isomorphism, criticisms of this and the development of new neo-institutionalism. It then examines a more recent wave of studies that seek to combine old and new institutionalism by focusing on mixed institutional logics and strategic isomorphism.

Early neo-institutional view and SE growth research

The interplay between institutional influences and organisational behaviour and growth has long been studied by institutional and organisational scholars (e.g. DiMaggio, 1988; DiMaggio & Powell, 1983; Tracey, 2012). The theoretical building blocks for studying the interplay between structure and agency were developed thirty years ago with the emergence of the neo-institutional perspective. A series of seminal papers (e.g. DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Tolbert & Zucker, 1983) theorised that organisations in a given industry or sector face similar legitimacy pressures, and thus may become isomorphic (i.e. more similar) to one another over time. DiMaggio and Powell (1983) identify three types of institutional pressures resulting in three categories of isomorphism: coercive, mimetic and normative. Coercive isomorphism is observed when organisations increasingly become homogenous as they seek to comply with the expectations of other organisations and also societal pressures. Mimetic

isomorphism occurs when organisations in a given sector imitate others in response to uncertainty. Normative isomorphism reflects the process of homogenisation arising from the influence of professional standards and their adaptation of other network pressures such as, those emanating from business associations, and social networks. This notion of isomorphism constituted the main focus of early works adopting a neo-institutional view.

A number of studies in the social entrepreneurship domain have examined how the institutional environment can influence SEs in a given sector to adopt similar patterns of growth. For instance, Defourny and Nyssens (2008) in their study of SEs in Europe find that the institutional environments have given rise to varied patterns of SE growth in different national contexts. They also identified that SEs in a given sector in a particular EU country show similar growth patterns as they are influenced by the respective legal frameworks, support structures and public procurement policies. Similarly, Defourny and Kim (2011) find that the patterns of SE growth in East Asian countries varied according to institutional influences relating to the development of new laws, policies and programmes, governments' support through donations and subsidies, the financial crisis, and economic downturn. Yu (2011) found that the legal framework in China has influenced the country's SEs to adopt similar organisational features. Sud et al. (2009) identified that SEs scale up to respond to moral, political and structural pressures, and thus exhibit a tendency towards a isomorphic growth. Millar (2012) found that agencies in the English health and social care sector adopt a particular organisational form to comply with professional practices and market norms. The above studies uncover that SEs in a given institutional environment tend to adopt particular growth paths that are influenced by the pressures of regulatory and social contexts (coerciveness), competitive pressures from other firms (mimicking), and/or professional practices in their respective sector (normative isomorphism).

New neo-institutional view and SE growth research

By the late 1980s and early 1990s a number of weaknesses of the neo-institutional view had become apparent (Greenwood et al., 2008). A core assumption underlying the early neo-institutional view relates to the need to achieve legitimacy from key stakeholders, thus facilitating access to the resources they are able to provide in a given context. Hence the

organisations are compelled to adopt the dominant and widely accepted practices in the institutional environment. It has been argued, however, that this emphasis on conformity and isomorphism exaggerated the role of institutional influences on organisational change. Such theorisation was criticised as an inadequate explanation of organisational behaviour in a world that is increasingly concerned with innovation (Tracey, 2012).

In response to such criticisms, institutional theorists developed the concepts of institutional entrepreneurship originally introduced by DiMaggio (1988). Thus DiMaggio (1988: 657) proposes that “*organised actors in a given institutional setting leverage resources to create new institutions or transform existing ones*”. Similarly, Lawrence and Suddaby (2006) introduce the concept of institutional work, which refers to “*the purposive action of individuals and organisations aimed at creating, maintaining and transforming institutions*” (Lawrence & Suddaby, 2006: 215). Such actors are regarded as ‘institutional activists’, who achieve socio-political legitimacy through private lobbying of government operatives and gain constitutive legitimacy when making claims about the usefulness and validity of their new product/service (Rao, 2004: 261). Thus the new neo-institutional view was developed around the notion of institutional change and the role of legitimating discourse (Greenwood et al., 2008).

As with the social entrepreneurship domain, the new neo-institutional view has been adopted in a number of subsequent studies (e.g. Nicholls, 2006, 2010b). Nicholls (2010b) theorises that to achieve legitimacy a SE may engage in negotiating its ‘own discourses’ and ‘narrative logics’ with regulatory and social institutions. He identifies four different legitimating discourses used by social entrepreneurs in their efforts to enlist the support of four important resource providers in the sector, i.e. government, foundations, fellowship organisations and pure network organisations. Nicholls describes this phenomenon as part of a wider “*contest for the control of the legitimating discourses that will determine the final shape of the social entrepreneurial paradigm*” (p.611) and conceives of organisation legitimacy and associated access to resources as the consequence of a dynamic interplay between macro-level institutional structures and micro-level actors. Nicholls (2010b) characterizes a fourth type of isomorphic pressure namely “*reflexive isomorphism*” (p.617), contrasting with the other three forms identified by DiMaggio and Powell (1983) and in similar vein to DiMaggio (1988), emphasised the role of agency in influencing and potentially causing change to regulatory and social institutions. He proposes that,

“...dominant SEs can shape the legitimacy of an emergent field to reflect their own institutional logics and norms. Reflexive isomorphism represents a legitimating strategy in which SEs actively engage in processes that align field-level and internal logics to shape emergent institutional fields as closed systems of self-legitimization”. (p.623)

Mixed institutional logics and SE growth research

Other recent contributors have criticised this neo-institutional view for its neglect of social structure and exaggerating the capacity of actors to manipulate their institutional environment (Greenwood & Hinings, 1996; Lawrence et al., 2009). Lawrence et al. (2009) suggest that both the focus on isomorphism and institutional entrepreneurship represent *“somewhat stylised interpretations of the relationships among actors, agency and institutions”* (p.3). For instance, the wide spread acceptance of a particular practice may well be driven by the urge to gain competitive advantage, and failing to do so would undermine an organisation’s market position. Thus rather than representing blind compliance for the sake of conformity, it could be a strategic posture to utilise an existing market opportunity (Greenwood et al., 2008).

Moreover, Tracey (2012) suggests that instead of influencing institutions (as conceptualised in new neo-institutional view), organisations are able to avoid/resolve particular institutional pressure through innovation. Combining old and new institutionalist thinking, a series of papers by Greenwood and Hinings (1996) propose that individual organisations are able to retain, adopt or avoid institutional demands. These papers highlight a new understanding of the interplay between agency and structure, whereby the role of organisations has greater emphasis and their responses can involve a range of options.

A more recent criticism of neo-institutional theory points towards its lack of attention at to micro level actions undertaken by organisations in response to institutional influences (Powell & Colyvas, 2008). Greenwood et al. (2008) suggest reconnecting institutional research with processes that occur inside the organisation at the functional level involving their management of resources and capabilities. Tracey (2012) comments that,

“Neo-institutional theory remains vulnerable to the criticism that it is essentially a macro-level theory in which the micro-dynamics underpinning institutions have been marginalized” (p.101).

This renewed interest stimulated further research on organisational responses institutional demands at both strategic and functional levels, with particular attention to the effects on institutions inside organisations (micro and meso levels) (Greenwood et al., 2010).

Friedland and Alford (1991) introduced the notion of mixed institutional logics and proposed that organisations are embedded in multiple institutions, including the regulatory, social and market environments. Different institutional environments may impose different logics on organisations. Institutional actors consider these logics as a pre-condition to provide legitimacy and access to resources, yet different logics are often not compatible. The process of enacting these logics inside organisations can be complex, increasing the difficulty of formulating organisational responses. Organisations are faced with multiple factors (such as the goals and priorities of the resource provider) which influence the degree to which they are able to separate or reconcile the competing logics (Greenwood et al., 2010).

Previous studies have identified different organisational responses towards competing institutional logic. These strategies involve decoupling (Meyer & Rowan, 1977), compromise (Oliver, 1991) and strategic logic combination (Greenwood et al., 2010). Decoupling refers to instances in which *“organisations conform closely to the meaning and categories ritually defined by the environment, but do not attempt to seriously implement them at the operational level”* (Scott, 2003:85). Decoupling allows organisations to symbolically endorse the demands prescribed by one institution while actually implementing the practices of another (often one that is closely aligned with organisational goals) (Meyer & Rowan, 1977). Compromise refers to situations where organisations enact institutional prescriptions in a slightly altered form in order to maintain an acceptable balance between competing logics (Oliver, 1991). Thus, organisations can comply with the minimum standards and avoid the risk of losing endorsement, being able to bargain/lobby institutions and influence them to alter their demands (Scott, 1987). A number of recent studies find that organisations can strategically combine logics to comply with institutional demands (Greenwood et al., 2010; Greenwood et al., 2008). This response entails

purposeful and honest enactment of practices that are congruent with organisational goals or are imposed by influential institutions. For other logics they can symbolically adopt practices or involve negotiations with institutions. Therefore, organisations strategically apply various configurations to solve different types of problems.

Being hybrid organisations, SEs are embedded in a pluralistic institutional environment and are more prone to competing logics than, say, more purely private or public sector organisations (Battilana & Lee, 2014; Doherty et al., 2014; Pache & Santos, 2013). SEs have dual bottom lines and so are caught between social welfare logic (altruistic goals) and market logic (financial goals) (Battilana & Dorado, 2010; Battilana & Lee, 2014). The dilemma is not limited to enacting social and market logics, but can take other forms. For instance, SEs can be involved in public-private partnerships or receiving grants from the government (Jay, 2013), meaning that they may need to incorporate elements from state, market and civil society logics (Ridley-Duff & Bull, 2011).

Incorporating competing logics at the operational level poses the largest dilemma for SEs. Being hybrids, they are prone to more scrutiny by multiple institutions and vulnerable to being caught for fraud if they adopt the decoupling strategy. Compromise or avoidance as a response strategy is only viable when SE stakeholders agree over the objectives of enacting a particular logic, but disagree over the means of achievement. However, if stakeholders disagree over the objectives in the first place then compromise is unlikely (Pache & Santos, 2010). Pache and Santos (2013) identify that SEs mainly pursue selective coupling in line with the notion of strategic logic combination (Greenwood et al., 2010). Selective coupling allows SEs to selectively comply with mixed institutional logics to configure practices at varying levels. Pache and Santos (2013) identified this response among four work integration SEs and named the growth pattern as ‘strategic isomorphism’.

2.5.2 SE growth and managerial tensions

The sustainability of hybrid organisations depends on their ability to partner with competing logics at an operational level, externally managing the relationship with multiple stakeholders through different organisational responses. Internally, they manage organisational identity, resource allocation and decision-making in accordance with their external response

strategy (Battilana & Lee, 2014). SEs mobilize resources and develop capabilities for the advancement of their social goals alongside their financial ones (cf. Battilana & Dorado, 2010). Legitimacy from state, market and society is important for their access to resources (Jay, 2013). As a consequence, SEs are required to craft the allocation of resources and capabilities development to match stakeholders' perceptions of legitimacy (Pache & Santos, 2013). This process of enacting mixed logics at the operational level may give rise to managerial tensions (Doherty et al., 2009).

The current study adopts the definition of tensions proposed by Smith and Lewis (2011). They define tension as *"a situation when it becomes necessary to accept contradictory yet interrelated elements that exist simultaneously and persist over time"* (p.382). A small but growing body of scholars have noted SEs' internal tensions in terms of mission drift, access, and the mobilization of financial and human resources (Doherty et al., 2014; Smith et al., 2013; Smith & Lewis, 2011).. For instance, Santos et al. (2015) explored how SEs may be vulnerable to mission drift in pursuit of dual goals and Hockerts (2015) examined how hybrid SEs can achieve their dual goals by turning antagonistic assets into complementarities.. Hybrid organisations can easily slip into mission drift, where an organisation can sacrifice one goal in order to achieve the other (Carroll & Stater, 2009). Although SEs are established to create social value, they may undermine this mission due to their adherence to other institutions. In order to achieve the commercial goals, SEs may need to compromise their social mission to a certain extent (Pache & Santos, 2010). Management rationality, therefore, suggests a need to pursue commercial goals despite any potential conflict with social or ethical goals (Battilana & Dorado, 2010). Nevertheless, it is argued that the growth of hybrid organisations depends on their ability to optimise both social and financial value (Austin et al., 2006).

External market pressures may compel SEs to reduce social goals, yet too great an emphasis on social goals may mean that financial sustainability aspect is neglected. Therefore, SEs' internal management is a balancing act between maintaining social and commercial aspects (Brandsen et al., 2005). At the strategic level, tensions may arise from the degree of integration between commercial and social activities (Battilana & Lee, 2014). For instance, a micro-finance organisation can typically achieve a social mission by providing loans to less fortunate people who are excluded from mainstream financing institutions, and thus help them move out of poverty. At the same time, they may achieve their financial goals through appropriate risk

calculation and measures to ensure collection of the borrowed amounts. This results in their social and commercial activities being closely intertwined (Battilana et al., 2012). Conversely, Teasdale (2011) exemplify SEs that achieve their social mission through units that help unemployed young people by providing skills development training. SEs then recruit these unemployed individuals to produce goods and services that are then sold. In this case, social and commercial activities are performed in different organisational units and are not highly integrated.

Tension may arise from enacting the demands of multiple institutions in order to achieve legitimacy. To meet the different demands of competing institutions SEs may need to keep organisational units loosely coupled together (Brandsen et al., 2005). This means that SEs may have to balance core organisational activities, workforce composition, organisational design, inter-organisational relationships and organisational culture (Battilana & Lee, 2014). Therefore, SEs may end up adopting fluid strategic solutions that result in complex management acts at a functional level.

When translated into a micro-level, such management tensions can have significant implications for the practical development of functional resources and capabilities. In order to generate solutions to management paradoxes, the organisation of resources and capabilities may involve efforts to maintain an inward flow of resources, mobilisation and development capabilities. The act of balancing conflicting missions and legitimating discourses can influence the management of resources and capabilities and vice versa. This is an area where there is a need for further empirical analysis of the interplay between institutional influences, the dual-value system in hybrid SEs and how they manage their resources and capabilities (Doherty et al., 2014). The current study, therefore, seeks to extend the understanding of this interplay, the resultant tensions and their management at the micro-level.

2.6 Summary

This chapter has clarified the current theoretical understanding of the different growth paths that can be adopted by SEs. The old and new versions of neo-institutional theory and mixed institutional logics are drawn on to show how the interplay between structure and agency

can influence SEs' response to institutions and shape their growth paths. SEs are introduced as hybrid organisations given their adherence to both social and financial missions and their exposure to multiple institutional domains relating to state, market and society. The chapter has discussed how SEs respond to the demands of multiple stakeholders to achieve legitimacy; and the management tensions SEs may face in balancing the conflicting missions and legitimisation of discourses.

Chapter 3: Conceptual framework for studying SE growth

3.1. Introduction

After the theoretical background in Chapter 2, this chapter further develops the conceptual framework drawing in particular on the three institutional pillars of Scott (1995). Scott (1995) framework identifies three types of macro-institutions: regulatory, normative and cultural cognitive. The framework is particularly relevant to understanding SEs as hybrid organisations that are embedded in state, market and society (Pestoff, 1998;2005; Ridley-Duff & Bull, 2011). The study also draws on the resources and capabilities based view (Barney, 1991; Deakins & Freel, 1999; Kogut & Zander, 1992; Teece et al., 1997) to examine how resources and capabilities are developed and managed in SEs. Drawing upon these perspectives, this chapter presents a micro-level analysis of tensions inside SEs related to the management process of resource acquisition, resource mobilisation and capabilities development. The combinations of Scott's institutional framework with the resources and capabilities based view allowed the study to examine the interplay of structure and agency by incorporating elements from both macro and micro aspects.

The next section presents a discussion on the management of resources and capabilities and the subsequent internal tensions that can arise within SEs. Section 3.3 examines the relevance of Scott's three pillars of institutions to understand SEs growth. The chapter concludes by summarising the key points and sets out the conceptual framework for the study.

3.2. Managing resources and capabilities in SEs

Barney (1991) suggests that enterprises are able to offer value by creating internal resources that are valuable, rare, costly to imitate and have organisational embeddedness. This resource-based view (RBV) suggests a need to understand a firm's potential tracing the potential to create and appropriate more value than the competition through application of its resources (Barney, 1991). Other advocates of the RBV also focus on an enterprise's ability to acquire external resources as a means of achieving sustainable growth (e.g. Jarillo, 1989; Renski, 2008). Jarillo (1989), for instance, found that firms using external resources to grow will do so, on

average, much faster (more than 10% every year) than competitors. In line with the RBV, therefore, an enterprise's growth depends on both its internal resource endowment (Hoffman, 2000) and its ability to acquire resources from external sources.

Another strand of literature takes the scope of the resource-based view beyond the focus on internal and external resources, to encompass skills and learning that are more deeply engraved, namely the capabilities-based view (Ray et al., 2004). While resources refer to the tangible and intangible assets of an organisation, capabilities are the means of 'creating' those assets through practical skills, experiences and learning (Foss, 2012). Developing these capabilities enable an organisation to manage its entrepreneurial functions, such as operations, finance, marketing, human resources, research and development in a way that facilitates resource creation (Baum et al., 2011; Deakins & Freel, 1999). In this study, both the resources and capabilities based views are considered to allow comprehensiveness in unpacking the relevant managerial tensions. The following sub-sections examine the role of different resources and capabilities that are required for SE growth and what tensions could potentially be faced by SEs in the management of these resources and capabilities.

3.2.1 Resource acquisition and managerial tensions in SEs

Doherty et al. (2014) have highlighted two types of resource that they consider critical for SE growth: financial (Austin et al., 2006; Sunley & Pinch, 2012) and human (Austin et al., 2006; Royce, 2007). While both human and financial resources are required for success, SEs are often faced with constraints in the acquisition of these due to their hybridity (Austin et al., 2006). For instance, a viable solution to acquire these resources could be a collaboration with a private or public organisation. However, such a collaboration may not remove all of the constraints related to acquisition, as SEs are then faced with the challenge of maintaining their social mission while also creating value for alliance partners. For instance, powerful alliance partner may prioritise the commercial goals undermining the expectations of the society, which can potentially harm SEs' social objectives. In contrast, organizations embedded in single institutions tend to be more successful at securing external resources. Lee (2014), for instance, found that profit-making SEs were still less successful in securing external resources compared with their

charitable counterparts. The following sub-sections examine the role of financial and human resources in SE growth and the tensions and challenges associated in their management.

Financial resources

The financing of SEs has been identified as a severe constraint on their growth across different national contexts (Social Enterprise UK, 2011; Sunley & Pinch, 2012). With decreasing funding from government and donors, the funding of the entire third sector is moving towards a greater reliance on earned income. The challenge of generating earned income can become so all-consuming for SEs that they may struggle to pursue the social mission while achieving commercial goals. Also, the hybrid nature of SEs may result in market logics and reflected market pressures becoming a dominant influence. According to the norms of the market, poor financial performance of an enterprise is almost always readily punished (Doherty et al., 2014). This can mean that SEs become so focused on the internal creation of financial resources that their path towards creating social value becomes blurred (Austin et al., 2006).

On the other hand, the generation of optimum financial return may sometimes be constrained in SEs due to their commitment to social goals. The determination of price is a complex strategic act in SEs, with consideration of the affordability of their target beneficiaries who are often disadvantaged and socially excluded. As a consequence, charging a high price to increase trading surplus may limit beneficiaries access to their product/service (Dees, 1998; Shaw & Carter, 2007). Such a situation may potentially undermine SE social goals. Therefore, SEs have to avoid mission drift which may, in turn, restrict gaining an optimum financial return (Teasdale, 2010).

Previous studies have explored the possibility of SE financing from banks and venture capitalists (e.g. Bryson & Buttle, 2005), with Sunley and Pinch (2012) finding that 75 per cent of their studied SEs never had a loan and conceived this type of financing as a 'last resort', preferring to heavily rely on public sector grants and contracts. The authors highlight a number of challenges that deter SEs seeking loan financing, such as, fearing the burden of repayment and their inability to show sufficient assets as a guarantee, and finding commercial loans to be too expensive. In addition, Sunley and Pinch (2012) found that the studied SEs experienced slow

revenue growth and only a small surplus was left at year-end for reinvestment. Therefore, SEs prefer to avoid seeking a bank loan in order to reduce the risk of bankruptcy.

Venture capitalists also tend to prefer conventional commercial ventures over social ventures for a number of reasons. Commercial ventures are more attractive to banks and financing institutions because they are more able to generate fast cash than social ventures (Lumpkin et al., 2013). As such, SEs are considered risky investments because there is always a possibility that in the future they will take actions to prioritise their social mission over commercial goals (Battilana & Lee, 2014). This means that the speed of financial return could also be slower in these types of organisations and investors will need patience and be more focused on long-term social change (Murphy & Coombes, 2009). Due to these challenges, SEs are often less successful in securing bank loans, even if they aspire to do so (Doherty et al., 2014).

Austin et al. (2006) suggest collaboration as a means of fulfilling the financial resource gap in SEs, arguing that collaboration allows SEs to leverage resources from external providers of support that they are unable to generate alone. Collaboration, however, can have its own problems. For instance, there could be misalignment between partners' missions and SEs' goals and SEs may have to compromise their social purpose in responding to partners' self-interests. There is also a risk in sharing proprietary knowledge. Such concerns are likely to reduce SEs' propensity to seek collaborative arrangements as a solution to financial deficiency.

There is also evidence, however, that the hybrid nature of SEs can be beneficial for financial resource acquisition, as its very nature allows SEs to achieve legitimacy from multiple resource providers. While trading activities allow them to generate revenue from the market, their social mission allows them to collect grants and donations from the public sector and other donors (Austin et al., 2006). SEs are able to secure external resources by leveraging their community embeddedness as well (Dacin et al., 2011), suggesting that SE can acquire resources from a combination of external sources. However, Moreau and Mertens (2013) found that attaining and maintaining a financial mix between public and private financing can be a challenge for SEs. The tension comes from the urge to maintain financial equilibrium through an appropriate combination of income sources and minimising the possibility of external stakeholders undermining the social mission.

Therefore, SEs have to achieve legitimacy from multiple institutions in order to gain financial resources from government, donors, commercial banks and customers. External resource providers are embedded in their respective organisational fields and have their own legitimate concerns. Subsequently, they evaluate the performance of SEs according to their own criteria before providing access to these types of resources. While responding to these demands it is necessary for SEs to access finance from sources that do not overshadow their social purpose. However, it seems that hybridity complicates this process as SEs are required to maintain a balance between the competing demands they face from various institutions (Battilana & Lee, 2014) by minimising the negative impact of hybridity while also leveraging its positive impacts (Doherty et al., 2014).

Human resources

The people dimension in SEs refers to employees, volunteers and board members (Austin et al., 2006), yet SEs' ability to access skills and knowledge in the labour market has been questioned in previous studies (Battilana & Dorado, 2010; Royce, 2007). SEs often lack the financial resources needed to pay individuals market rates, which limits their ability to recruit and retain highly skilled and talented individuals (Bridgstock et al., 2010). Austin et al. (2006) suggest that SEs are able to attract and motivate individuals with non-financial and non-pecuniary incentives, as many individuals prefer intrinsic rewards as a motivating factor (Bridgstock et al., 2010). Nevertheless, staff turnover can be a particular problem in SEs (Liu & Ko, 2012) given their reliance on voluntary workers who generally have a higher turnover rate. In addition, while paid employees are expected to comply with managerial demands, voluntary workers can withdraw any time if they dislike the strategic direction of an organisation (Royce, 2007).

Previous studies have reported a lack of candidates with appropriate skills and that conventional educational institutions often fail to train students with the skills required by SEs (Bull & Crompton, 2006; Todres et al., 2006). While SEs focus on a desired set of skills, the conventional labour market falls short in supplying candidates with such niche requirements. Even if high-calibre candidates are available, SEs may need to cut corners when recruiting the skilled staff due to their social priorities, since a main reason for the existence of SEs is to

encourage individuals into the labour market who may normally be excluded by other organisations (Royce, 2007).

Due to their hybrid nature, SEs require employees with skills from both social and commercial sectors (Liu & Ko, 2012). Therefore, ‘integrating’ and ‘socialising’ these employees and their values, as well as driving them towards dual bottom line practices, could bring a real challenge and management tensions (Battilana & Dorado, 2010).

Selecting appropriate board members and acquiring appropriate skills at board level also poses a challenge, given SEs’ dual mission and the need for board members to be accountable for financial sustainability as well as the achievement, and the pursuit of social goals. Board members are, therefore, required to have the skills needed to manage a profitable enterprise while also being able to respond appropriate to the needs of the society (Royce, 2007). However, most board members are likely to be experienced in a particular sector and thus lack an overall understanding of hybrid SEs (Doherty et al., 2014).

Therefore, the hybrid nature of SEs poses particular challenge in acquiring and mobilising human and financial resources. The process is an act of setting the balance, the target of which is to minimise any negative impact of hybridity on social missions (Austin et al., 2006).

3.2.2 Capabilities development and managerial tensions in SEs

Capabilities have been defined as the *“self-sustaining ability to recognise, analyse and solve their problems by more effectively controlling and using their own external resources”* (Todres et al., 2006:64). Research has found that SEs require a number of capabilities to respond to various players and forces in the external environment (Bloom & Smith, 2010), while their internal growth strategy can also influence the required capabilities (Lyon & Fernandez, 2012).

Bloom and Smith (2010) list a number of capabilities seen as important to help SEs increase their social impacts, including staffing, communicating, alliance building, lobbying, earning generation, replicating, and stimulating market forces. In addition, other studies have identified the key roles played by marketing and branding (Doherty et al., 2009) and networking skills (Lyon & Fernandez, 2012). Learning is identified as an important capability for SEs in Bull and Crompton (2006), Bull (2008) and Todres et al. (2006), also the capabilities needed to

innovate and to identify and utilise opportunities at local and national scales (Gawell, 2013; Verreynne et al., 2013; Vickers et al., 2014; Zahra et al., 2009).

The hybrid nature of SEs requires them to develop capabilities related to building solidarity with their communities (of both interest and place) as well as being business oriented (Linzalone & Lerro, 2014; Moreau & Mertens, 2013). Linzalone and Lerro (2014) find that business oriented capabilities are often regarded as ‘less important’ in SEs. Developing business oriented capabilities requires different ways of thinking, acting and operating that can cause tensions in a SE. For instance, conventional businesses focus on financial management as the foremost management tool, rather than the management of social purpose and mission (Anheier, 2000). However, developing capabilities for a SE, therefore, needs to be seen as a dynamic process requiring strategic reflection and analysis of ongoing social impacts along with financial returns (Bull & Crompton, 2006).

Communicating

Effective communication in an SE context is defined by Bloom and Chatterji (2009) as the capability to persuade stakeholders to support their change strategy. SEs need to persuade potential benefactors to take advantage of an organisation’s services/products, motivate volunteers and employees to work for the organisation, encourage customers to purchase products/services, and convince donors/financiers to provide funds. They have to be able to clearly inform, frequently remind and convincingly persuade.

In a hybrid organisation the different positions of stakeholders can increase the complexity of communications, as tensions may arise due to the heterogeneity of interests between and within individual stakeholder groups. Thus, SEs need to be able to adapt their communication style and message to the expectations and characteristics of different stakeholders (Moreau & Mertens, 2013). For instance, SEs can undertake research to identify the expectations of individual stakeholder groups in order to design communication strategies (Bloom & Chatterji, 2009), while including social and economic goals in both verbal and textual communications (Moreau & Mertens, 2013).

Alliance building

SEs need to develop skills on alliance building, which refers to “*the effectiveness with which an organisation has forged through partnerships, coalition, joint ventures and other linkages to bring about the desired social changes*” (Bloom and Chatterji 2009: 119). SEs can increase its impacts by working in collaboration with complementary organisations or even with competitors (Austin et al., 2006).

Tensions in alliance building may arise from failure to align self-interests that may be in conflict and around sharing of the proprietary knowledge. An alliance partner may be embedded in a different logic that conflicts with the primary goal of SEs. Hence, aligning the goals and self-interests of alliance partners is often a challenge for many SEs. SEs, therefore, need to develop capabilities to select the right partner and identify shared goals in order to achieve a state of alignment. While alliance facilitates leveraging from complementary resources of the alliance partner, it can also pressurise SEs into cutting corners on social propositions (Austin et al., 2006). Sharing the proprietary resource involves a risk of leakage and loss of core competencies by both parties, which can limit the mutual value derived from alliance and should be kept to a minimum (Huybrechts & Nicholls, 2013).

Lobbying

The capability of lobbying refers to “*the effectiveness with which the organisation is able to advocate for government actions that may work in its favour*” (Bloom & Chatterji, 2009:120). Therefore, lobbying is a means to shape particular unfavourable or mildly favourable institutional norms, policies or practices (e.g. laws, regulations, budgetary and taxation rules) into the favour of an agency.

This can include formal approaches, such as employing a registered lobbyist or involving judicial bodies and/or government leaders. An informal direction through political networking, interest mediation and using symbolic language could also be employed (Garud et al., 2002). Successful lobbying may require the development of social skills (framing and agenda setting), political skills (networking and bargaining), and cultural skills (the use of rhetorical devices and analogies) (cf. Mair & Marti, 2009). SEs, therefore, need to be able to craft their

lobbying efforts in order to provide a clear and considered reaction to the issue at hand (Bloom & Chatterji, 2009).

As stated in Chapter 2, the success of institutionalised organisations depends on the degree to which they are able to respond to the norms and practices in the broader field (Meyer & Rowan, 1977). The role of agencies in influencing and shaping the institutions in their favour should not be ignored as well (DiMaggio, 1988; Tracey, 2012). However, given the hybrid SEs are exposed to pressures from multiple institutional domains, they need to decide on which institutional practices to be embraced and which ones to be changed. Thus the hybrid nature of SEs can increase the level of complexity and internal tension in setting the degree of being responsive to a particular institutional pressure in comparison to the other (Cooney, 2006).

Earning generation

Earning generation in an SE context is defined as “*an effectiveness with which an organization generates a stream of revenue that exceeds its expenses*” (Bloom and Smith 2009: 121). With changing donor behaviours, government funding policies and the rise of quasi-markets, SEs need to develop the ability to generate funding. Therefore, SEs may need to diversify into the space of mainstream markets, seeking to expand the scope and scale of activities through new lines of activity (Hudson, 2009), developing quality product with unique selling proposition and adopting a range of business-like capabilities (Bull & Crompton, 2006; Linzalone & Lerro, 2014). The business-like skills that SEs need to develop can include coordinating people and employees, planning activities and resources, projecting evaluation, remuneration design, and managing effective meetings (Linzalone & Lerro, 2014).

The pragmatism underlying SEs’ earning generation often involves simply covering the costs and freeing the organisation from grants. In contrast, the key focus of a purely commercial entity is to increase profits. Hudson (2009) highlights two potential tensions that may arise from this difference. First, there could be tensions between the social origins, objectives, ethical, and moral motivation of SEs and the imperatives of markets. Second, the competitive dynamics of mainstream markets may dominate over social purpose and force SEs to increasingly look and behave as a conventional for-profit firm would. Therefore, Moreau and Mertens (2013) suggest

that SEs should develop management competencies to be able to include both areas (complying with social purposes and confirming economic imperatives) without slanting too much towards one side.

Replicating

SEs need to develop the capabilities of replicating defined as the effectiveness with which the organisation can reproduce its programmes and initiatives (Bloom and Smith 2009:122). The notion of a replicable SE suggests that an organisation's services, programmes and other efforts can be copied or extended without a reduction in quality by means of training, franchising, contracting and other tools to ensure control. Therefore, SEs need to be able to develop relationship with other similar and interested organisations and coordinate with them in order to enhance the replicability of their operational model. This may require SEs to adjust their model depending on the variations in the demographics of people and geography (Bloom & Chatterji, 2009).

Hybrid SEs may experience tension in their efforts to allow replication of their model. For instance, the logics of markets may pressure them to retain property rights, while SEs' social roots may urge them to share ideas that can have social benefits (Lyon & Fernandez, 2012).

Marketing and branding

Social marketing is proposed to be a means for preserving the social mission while also contributing towards the commercial success of a socially oriented organisation (Doherty et al., 2009; Golding & Peattie, 2005). Andreasen (1994) originally defined social marketing as the application of commercial marketing techniques to the analysis, planning, execution, and evaluation of programmes designed to influence the voluntary behaviour of the target. Social marketing primarily draws upon the 'social resources' of an organisation to achieve credibility from customers (Doherty & Meehan, 2006). Doherty and Meehan (2006) propose three types of organisational resources needed: i) ethical and social commitments, ii) connections with partners in the value network, and iii) consistency of behaviour in order to build trust. Doherty and

Meehan (2006) also propose that ethical and social credibility are now the viable bases for differentiation and competitive positioning in mainstream consumer markets, which has opened a new door of SEs branding. Doherty et al. (2009) argue that in order to develop a brand, SEs need to identify the most effective triggers that encourage consumers to act on their ethical concerns. SEs, therefore, need to identify innovative means to position the brand, drawing upon a set of ethical values such as consumer responsibility and consumer citizenship (Lang & Gabriel, 2005).

The hybrid nature of SEs can also bring challenges for their marketing efforts. While the use of ethics and social value is necessary to establish committed relationships with ethical consumers, operating in the mainstream market may require some adoption of conventional marketing practices (Doherty et al., 2009). However, using mainstream marketing practices involves the risk of losing organisational identity. Tensions may thus arise from balancing the practices of social and mainstream marketing, deciding on the ones to adopt and others to adapt. Doherty and Tranchell (2007) present a case study of Divine Chocolate Company Ltd., in which they explore how their marketing approach blends conventional and social marketing. Divine Chocolate adopts mainstream marketing practices by distributing chocolates through supermarkets and adopting conventional pricing methods, while also using social marketing techniques to communicate its socially rooted ethos and practices. Doherty and Tranchell (2007) suggest that this blended approach can counterbalance some of the risks associated with competing in mainstream market.

Learning and skills development

A number of studies have stressed the importance of developing a learning culture in SEs (e.g. Bull, 2008; Bull & Crompton, 2006; Todres et al., 2006). Bull and Crompton (2006) examine learning in SEs by measuring levels of improvement of internal skills, such as staff productivity increases, hours and other resources spent on training. Bull (2007) suggests that SEs need to act upon and behave like a learning organisation in order to develop the capability of learning and skills development. He further proposes that a learning SE should develop a culture of training, participative decision-making, team working and continuous improvement. Todres et al. (2006) propose that learning in SEs should focus on developing capabilities in three areas: i) developing business skills, ii) developing skills to identify community needs, and iii)

empowering employees towards a full social outlook. They further suggest that SEs' learning activities should enable individual employees to conduct business-like functions, such as managing finance, marketing and human resources. The learning activities should emphasise teaching individual staff about the relationship of the organisation with the target disadvantaged community, as well as interacting with them and identifying their needs. Such an approach draws upon experiential learning, tacit knowledge sharing and empowering the employees (Kar, 2012).

A number of tensions arising from SE learning processes can be identified from previous studies. Bull (2007) found that SEs adopt informal learning techniques for skills development, such as on the job training, trial and error, and informal interactions with stakeholders. In these SEs, learning is more naturally evolved and not organised through structured policies and procedures. For instance, Kar (2012) identifies that in Sambalpur Bastralaya, a rural handloom community enterprise in India, the creation of members' skills occurred through knowledge transfer from senior community members. This informal learning process is in contrast to a more formal approach in mainstream business, and it is suggested that SEs' preference for informal learning may conflict with their need to adopt business-like development and a more formalised approach to learning.

Due to their hybrid nature, SEs may need to recruit individuals from social, commercial or public sectors. As a consequence, these individuals are likely to inherit the logics and practices of their previous employment sector. Therefore, it may take time and involve significant challenges for these individuals to 'de-learn' a single outlook and understand the need for a balanced SE outlook and practice. Todres et al. (2006) identify that SE employees find themselves in a position where they need to resolve the perceived conflict between being both socially and profit driven. This learning process involves a pragmatic shift in thinking and can thus give rise to tension, both for the employee and the organisation.

Networking and relationship building

Due to their hybrid nature, SEs need to develop and manage relationships with a large number of people and institutions, including clients/beneficiaries, public authorities, local communities, private donors, for-profit and non-profit partner organisations, and peer SEs

(Austin et al., 2006). The ability to effectively manage these relationships is linked to networking skills, as mentioned by Moreau and Mertens (2013). Previous studies in the SE field have emphasised the role of networking in facilitating resource acquisition (Verreynne et al., 2013), knowledge sharing (Lyon & Fernandez, 2012), opportunity identification, and leveraging complementary skills (Doherty & Meehan, 2006; McKague & Tinsley, 2012).

A number of studies focus on networking from a marketing perspective (e.g. Doherty & Meehan, 2006; McKague & Tinsley, 2012). These studies investigate how SEs manage and benefit from relationships with distribution partners, customers, suppliers and other collaborative partners performing different functions. Through the Divine Chocolate case, Doherty and Tranchell (2007) show how the organisation's 'value network' involves relationships with multiple stakeholders from both social and commercial sectors: UK supermarkets (e.g., Sainsbury, Tesco and Co-op), charity retail shops (e.g., Oxfam), Cocoa farmer's village trust, cocoa marketing companies, Fair Trade Labelling Organisation (FLO) approved cocoa processors, and a number of others. On the other hand, Lyon and Fernandez (2012) evoke the role of the network in sharing knowledge. They refer to both informal and formal knowledge networks, such as learning alliances, associations and trusts where knowledge is transferred during group meetings by sharing ideas and good practices. Therefore, the capability of networking corresponds to managing relationships and leveraging complementary resources and the skills of network members.

The hybrid nature of SE can increase the complexity of networking activities and in so far as they participate in heterogeneous network groups espousing varying norms and practices. Identifying the appropriate groups to know, deciding on the degrees of conformity with those groups, and positioning the organisation within the sphere of those groups can be challenging (cf. Moreau & Mertens, 2013). In addition, SEs are required to conform with group norms in order to access network resources but without unduly sacrificing their own norms and practices. Therefore, the process of network management can involve tensions for SEs which need to be carefully addressed and managed.

Innovation

SEs need to be able to innovate, with some SEs being opportunity exploiters (namely ‘social constructionists’) and others being innovators (namely ‘social engineers’) (Zahra et al., 2009). Some SEs are able to develop, launch and operate ventures that tackle social needs currently not addressed by existing institutions, businesses, NGOs and government agencies. These SEs develop the capability to fill such holes in the fabric of social systems. Some other SEs demonstrate a higher degree of innovation capability, and are able to introduce significant changes in the social sphere. Such SEs are able to address the formidable barriers to reform and disrupt existing institutions, and then replacing them with more socially efficient ones.

However, Gawell (2013) argues that the innovative potential of SEs should not be exaggerated as there is a need for legitimacy from multiple institutions which can challenge their ability to innovate. This means that SEs’ ability to develop and adjust with competing logics becomes crucial. Furthermore, Gawell (2013) argues that SEs are mostly followers, with his findings implying that the hybrid nature of SEs can challenge their innovation capability. While SEs’ innovation may be rewarded by one institution, it may be punished by others, which may then result in the degree of innovation requiring adjustment and resulting tensions. Vickers et al. (2014) argues that the possibilities for creativity and innovation can be enhanced in hybrid public service organisations due to the role of their combined business/commercial, public service and social value logics. The embeddedness of these hybrids in multiple institutions provided a platform for innovation, supporting new strategic directions for experimentation in some cases.

In sum, this section identifies a range of resources and capabilities that SEs need to acquire for their successful growth and development. At the same time, however, the hybrid nature of SEs may complicate the process of resource acquisition and capabilities development. SEs experience in competing institutional logics and their dual bottom line can potentially create tensions affecting how they orchestrate the acquisition of resources and capabilities. The next section will shed further light on the different institutional contexts of SEs and how these can potentially affect their growth.

3.3. The institutional environment and SE growth

A number of scholars have defined institutions adopting different perspectives (e.g. March & Olsen, 1984; North, 1990; Peters, 2000; Scott, 1995). North (1990) proposes a relatively broad view: *“institutions consist of formal written rules as well as typically unwritten codes of conduct that underlie and supplement formal rules”* (p.32). The sociological view of institutions, on the other hand, considers, *“institutions as the systems of established and prevalent social rules that structure social interactions”* (Hodgson, 2006:2). Peters (2000) identifies four different perspectives – normative, rational choice, historical, empirical – embraced by the institutionalists over the years. He argues that institutionalists adopting the normative approach focus on institutions as the major repositories of social values (e.g. March & Olsen, 1984). Those espousing the rational choice approach emphasise rules and incentives, and postulate that members of institutions behave in accordance with these basic components of institutional structure (e.g. North, 1981). The historical approach, however, evokes that policy and structural choices made at the inception of the institution will have a persistent influence over its future behaviour (e.g. Hall, 2010). This approach stresses that institutional structure is transmitted across generations, and is maintained and reproduced over time. Finally, empirical institutionalists focus on the nature and influence of the formal structures of government on policy choices and political stability (e.g. Weaver & Rockman, 1993).

Drawing on these different perspectives, Scott (1995) suggests a more comprehensive definition: *“institutions are comprised of regulative, normative and cultural-cognitive elements that, together with the associated activities and resources, provide stability and meaning to social life”* (p.47). His institutional framework consists of three pillars: regulatory, normative and cultural cognitive.

- *Regulatory institutions*: This aspect of institutions, as suggested by Scott (1995), includes rule setting, monitoring and sanctioning activities in an attempt to influence future behaviour. Scott (1995) defines regulatory institutions as *“the ones that possess the capacity to establish rules, inspect others enforcing conformity to them and as necessary manipulate sanctions, rewards or punishments – in an attempt to influence future behaviour”* (p.52).

- *Normative institutions:* This refers to the values that underlay individuals and organisations' conceptions of what is desirable and expected in their particular contexts. It also includes norms that dictate a legitimate means to pursue goals of individuals and organisations (Scott, 1995). Normative institutions shape an individual's behaviour, perception, attitude and feelings, and both social (i.e., kinship groups, social classes and religious systems) and regulatory systems set the expectations of how actors are supposed to behave. Over time, however, these behavioural expectations become normative institutions (Knight & Sened, 1998; March & Olsen, 1984).
- *Cultural-cognitive institutions:* Scott (2008) defines cultural-cognitive institutions as “*the shared conceptions that constitute the nature of social reality and frames through which meaning is made...the cognitive containers in which social interests are defined and classified, argued, negotiated and fought out*” (p.57). The concept of cultural-cognitive institutions partly stems from social cognition theory, which stresses how world views are formed within an individual's situational context (Busenitz et al., 2000). The cultural-cognitive institution rests primarily on the idea that such cognitions are constituted by an individual's interpretive processes in response to their external cultural framework. The affective dimension of this institution refers to the positive feeling exerting certitude and confidence when actions conducted by the individual fit with wider cultural values. Yet, negative feelings create confusion and disorientation when actions are in conflict with cultural values (Scott, 1995).

Scott's framework offers a particular promise as a conceptual basis for studying SE growth, making reference to multiple institutional domains surrounding SEs. Based on an analysis of different forms of SEs, Ridley-Duff and Bull (2011) identify three domains in which SEs can be associated: state, civil society and market. They argue that the hybrid nature of SEs enable them to form and operate organisations that draw upon the regulations, norms and thinking from more than one economic sector. The domains surrounding SEs can encompass their own regulatory, normative and cultural-cognitive practices, which can then influence SE growth (cf. Mair & Marti, 2009). Kerlin (2009) argues that SE growth follows dominant influences with their particular socio-economic domain. The relative strength of influence of a particular domain determines the extent to which SEs will be embedded in that particular

domain. Kerlin (2009) finds that the significant growth of entrepreneurial SEs in the USA is due to the strong and supportive civil society and market in that region. In contrast, in most Western European countries the strong supporting role of the state has given birth to SEs that partner with the government to solve national issues such as unemployment. SEs in this region often receive funding and strategic development support from government, which can also result in greater intervention from the state in their operational activities. Therefore, it is clear that the nature of SE growth is likely to be strongly influenced by multiple institutional influences and their relative strength.

3.3.1 Regulatory institutions and SE growth

Kerlin (2009) suggests that state, market, civil society, and donors have distinct policies and rules which influence the pattern of SE growth across the globe. Lyon and Ramsden (2006) identify a range of support required by SEs, including counselling, SE specific advice, sector specific advice, and training, networking and marketing related support. Institutional support for SE is likely to be most effective when public, private and third sector organisations combined offer the facilities needed by them. Therefore, the regulatory environment in different institutional domains can support or constrain SE growth (cf. Kerlin, 2009).

State policy environment and legal framework

A number of studies have investigated the role of a state's policy environment and legal framework in shaping SE growth in different contexts (e.g. Defourny & Kim, 2011; Defourny & Nyssens, 2008; Galera & Borzaga, 2009). Kerlin (2009) points out that the US economy's slowdown in the 1970s, and subsequent government deficit in the 1980s, resulted in a withdrawal of state funding from the non-profit sector. During this period, non-profit organisations seized the idea of commercial revenue generation as a way to replace the loss of government funds. Therefore, SEs in the USA started to rely heavily on market driven activities. Defourny and Nyssens (2008) highlight that although SEs in the USA are dedicated to their social mission, most behave like for-profit organisations in terms of dynamism, personal involvement and innovative practices. In addition, there has been no SE specific new legal framework introduced

over the last 50 years to govern these enterprises in the country (Kerlin, 2006). As a result, the SEs have taken various legal forms, including sole proprietorships, partnerships with private corporations, limited liability companies, and non-profit and for-profit (Galera & Borzaga, 2009).

In contrast, a number of studies identify how the growth of SEs in the European nations' economy has been supported by introduction of SE specific legal frameworks and related government initiatives (Defourny & Nyssens, 2008; Galera & Borzaga, 2009; Kerlin, 2009). Cooperatives and associations are the most prominent forms of SE observed in Europe (Defourny & Nyssens, 2008), which have evolved since the passing of new law on 'social solidarity co-operatives' by Italian Parliament in 1991. This new law contributed to the rapid emergence of two specific types of cooperatives in the country: social service cooperatives and work integration SEs (WISE) (Galera & Borzaga, 2009). Other Western European governments, such as Spain, Portugal and France, followed Italy and created supportive legal frameworks for cooperatives and WISE in the late 1990s/early 2000s. In the UK SE growth has increased since 2004 with the creation of a new legal form the 'Community Interest Company'. A number of other supportive initiatives were implemented by the previous Labour government including the creation of a SE Unit at the Department of Trade and Industry to deliver support for SEs and the development of a three-year (2004-2006) National Procurement Strategy for local government to increase the amount of work contracted out to SEs (Chapman et al., 2007; Mawson, 2010).

A faltering economy, subsequent rise of unemployment, and government revenue reductions have also contributed to the emergence of SEs in the European region (Kerlin, 2009). The states in the region have undergone various reforms, including privatization, decentralisation and a reduction in public services. This has resulted in a rise in unemployment to which civil society has responded by establishing new WISEs and cooperatives. State governments have provided funding and other support to these SE initiatives (Defourny, 2001).

The SE landscape in East Asia shares the strong influence of public policy, similar to Europe (Defourny & Kim, 2011). A number of studies show how SE growth in East Asian countries – including South Korea, Hong Kong, Japan and Taiwan – has increased in pace in the 2000s and was followed by rising unemployment due to financial crisis in 1997 (e.g. Bidet & Eum, 2011; Chan et al., 2011; Defourny & Kim, 2011; Laratta et al., 2011). Defourny and Kim

(2011) find that the governments of these states provided funding support and others implemented supportive initiatives to encourage the third sector to contribute to resolving the unemployment problem. Later, a culture of contracting with non-profit organisations has pushed SEs toward a more market-oriented approach. These trends in state regulations have given birth to five types of SEs in East Asia: trading non-profits, WISE, non-profit cooperatives, non-profit private enterprise partnerships, and community development enterprises (multi-stakeholder partnerships) (Defourney & Kim 2011).

In short, these examples indicate how both the policy environment and legal frameworks in a state can influence patterns of SE growth.

Market related regulations

Mair and Marti (2009) identify a number of regulatory institutions in the market environment that can be relevant to SEs and can potentially influence their growth. These regulatory institutions involve the legal frameworks that govern SEs operating in the market sphere, such as property rights, enforcing mechanisms, the banking system, competitor organisations and the monetary system. Lyon and Ramsden (2006) argue that SEs obtain support from solicitors, accountants and special consultants accessed through market mechanisms, and that loan policies of private banks and other financing institutions can influence lending patterns in the social sector. They further argue that private banks can play a strong role in facilitating SE growth in communities that suffer from under-investment.

SEs are often found to be forming collaborative relationships with private sector organisations (Huybrechts & Nicholls, 2013), with such arrangements being influenced by the partner corporations' own rules and policies such as governance structure, code of ethics and mission. Therefore, the findings of these studies suggest how the regulatory environment of markets can influence SE growth.

Societal rules and regulatory practices

There are regulatory institutions apply to the wider society or to particular social groups, which may also a shaper of SE growth (Defourny & Kim, 2011; Mair & Marti, 2009). For instance, Mair and Marti (2009) found that Islamic pre-emption law (Shufa law) imposes restrictions on female beneficiaries in the workplace in Bangladesh. Drawing upon this Shufa law, religious leaders in rural Bangladesh impose punishment (fatwas) on NGO female beneficiaries. In addition, rural areas in Bangladesh have local regulatory bodies (panchayet) that regulate societal issues by means of informal courts (shalish). Mair and Marti (2009) found that this regulatory practice hinders the growth of SEs and particularly in the area of female empowerment. Other rules and regulations related to civil society have been found to be relevant for SE growth in Bangladesh. For instance, a number of non-profit organisations draw upon the Child Marriage Act and Dowry Prohibition Act as the basis of working women and children in Bangladesh (Mair & Marti, 2009).

3.3.2 Normative institutions and SE growth

Normative institutions exist in the political, social and market spheres and can potentially influence SE growth (Mair & Marti, 2009), as is further discussed below.

Norms in public institutions and political sphere

A number of scholars studying entrepreneurship growth have examined the influence of norms relating to state institutions, including excessive bureaucracy (or red tape) and also nepotism and corruption (Aidis et al., 2008; Tonoyan et al., 2010). Enterprises have been found to be offering bribes and exploit political patronage in order to gain access to resources and support from state institutions (Puffer et al., 2010; Tonoyan et al., 2010). In their study in the context of Russia, Aidis et al. (2008) point out the role of trust in shaping enterprises' access to public resources, which is particularly relevant given the potential influence of public agencies on the growth of commercial enterprises.

Mair and Marti (2009) found that SEs can also be influenced by the norms in the political sphere, with patron-client norms in rural Bangladesh found to have constrained the activities of a number of NGOs. These traditional patrons, which include the elites and religious leaders, resisted the programmes of NGOs that attempted to empower poor people because they found the NGOs' programmes to be threatening to their age old hierarchical position.

In a similar vein, Defourny and Kim (2011) point out that Confucian thoughts and Buddhism has played a significant role in the growth of SEs in the East Asian region. They argue that the Confucian belief of 'shared destiny' has helped to push the 'developmental ideology' of the political sphere. Thus East Asian state policies are often referred to in terms of a 'Confucian welfare state' or 'developmental welfare state' or 'productive welfare state' by Jones (1993), Kwon (2005) and Wilding (2008), respectively. Defourny and Kim (2011) argue that the Confucian or developmental ideology has stimulated welfare regimes and encouraged individual governments to promote SE growth in order to deliver shared benefits.

Norms of competition in the market

Normative institutions exist in the market domain, with competitive norms being one of the most dominant influences. SEs not only compete with similar organisations by operating in the market sphere, but enter into direct competition with capitalist firms (Hudson, 2009). 'Fair competition' is a competitive norm, but SEs are often accused to be receiving preferential advantage as opposed to their mainstream counterparts. The conventional businesses generally assume that SEs are cushioned by funding from the private sector, tax benefits and government support and thus may argue that SEs are impinging on the spaces of mainstream organisations and not adhering to competitive norms (cf. Chapman et al., 2007). According to the norms of competition, SEs are expected to protect their proprietary knowledge, have a unique selling proposition and be responsive to their customers. Many of these expectations are contradictory to their other goal of creating social value (Chang et al., 2012), which means that these tensions can influence SE growth.

Societal norms and practices

Society encompasses norms that can control the behaviours of any organisations including SEs. Mair and Marti (2009) point out a number of societal norms that influence SE growth in the context of Bangladesh. For instance, kinship norms in Bangladesh limit the rights of women to sell, delegate or rent property. Other norms – early marriage expectations on women, the marriage dowry practice and working gratis for patrons – are among those found to be constraining the activities of NGOs in Bangladesh.

On the other hand, Defourny and Kim (2011) find that the moral obligation of shared destiny in Confucian beliefs has enabled SEs in East Asia to achieve legitimacy within society. Being influenced by the norm of shared destiny, the people in these societies have contributed towards SE growth through the supply of resources such as volunteering and in-kind donations. This shows how SEs' access to resources and their growth can be strongly influenced by the norms and expectations in society.

3.3.3 Cultural-cognitive institutions and SE growth

Previous studies have identified the influence of cultural values on different aspects of entrepreneurship, such as innovation (Mueller & Thomas, 2001), entrepreneurial intention (Lim et al., 2010), attitude towards risk taking (Bruton et al., 2005), network embeddedness (Zapalska & Edwards, 2001) and family embeddedness (Steier et al., 2009). The process by which entrepreneurs relate to and seek support from their surrounding environment can be considered as a culturally embedded process (De Clercq & Voronov, 2009; Jack et al., 2004; Zapalska & Edwards, 2001). Cultural values can influence the cognition process of not only entrepreneurs themselves, but also their stakeholders in state, market and society (Mair & Marti, 2009).

Work culture in public institutions

Cultural aspects can potentially influence the work culture of public institutions. Previous researchers have reported that societies valuing hierarchy, power imbalance and group loyalty are more prone to corruption (e.g. Puffer et al., 2010; Tonoyan et al., 2010). Takyi-

Asiedu (1993) reported that bureaucrats in Sub-Saharan countries used their hierarchical position to accumulate wealth and power. Entrepreneurs seeking support from them had to offer patronage in the form of bribes, gifts and hospitality. Puffer et al. (2010) found that public institutions in China and Russia were hierarchical and highly bureaucratic. They found that the existence of higher degree of power distance and collective values had shaped the work culture in the public sector of both these countries, which constraints access to public resources and support for enterprise.

In their study on a Bangladeshi SE, Mair and Marti (2009) found that the political sphere of Bangladesh is characterised by a highly asymmetric relationship between patrons and clients. This situation is a result of the hierarchical cultural setting in Bangladesh, with the cultural values presiding in state institutions therefore potentially influencing SEs' access to public resources.

Culture and the role of market

Cultural values may influence the attitude of resource providers in the market domain. For instance, Li and Zahra (2012) find the attitude of venture capitalists in high uncertainty avoidant societies to be risk averse. As a consequence, banks and financial institutions in such societies prefer to finance clients who are already within their existing and known network in order to avoid risk. The risk averse nature of venture capitalists may, therefore, limit access to get financial resources for risky ventures (cf. Bruton & Ahlstrom, 2003).

Cultural-cognition may also determine the level of autonomy practiced by decision makers in the market (Mair & Marti, 2009). Defourny and Kim (2011) argue that hierarchical culture and collectivist Confucian values in East Asian countries provide the state with the ultimate power to shape the governance models of SEs. Although public policy measures push SEs in this region to be more market oriented, this trend towards market reliance is still mitigated by various types of public policies and support. Therefore, the argument implies that the cultural setting can determine the level on autonomy given to the market as opposed to the state. The relative autonomy of decision makers in different stakeholder groups can influence the growth of

SEs in terms of shaping their governance models, their focus on social goal, and their ability to participate in decision making (Defourny & Kim, 2011).

Cultural values and societal cognition

Previous studies have found that cultural values can shape a range of cognitive aspects of the outlook of individuals in society, which in turn, can potentially influence the extent to which innovative ventures can emerge (McGrath et al., 1992; Mueller & Thomas, 2001). Mueller and Thomas (2001) found that the level of innovation by entrepreneurs and the level of acceptance by society was likely to be higher in those societies that particularly valued individual achievement, freedom and autonomy. In a similar vein, McGrath et al. (1992) find that the level of innovativeness to be higher in enterprises in USA, as compared to those in China, attributing this variation to the contrasting cultural aspects of the studied countries, such as the extent of individualism and uncertainty avoidance. This is in line with the argument of Mueller and Thomas (2001) and McGrath et al. (1992), which also support that cultural values in society are likely to influence the level of innovativeness of SE (cf. Gawell, 2013).

Social issues may emerge from cultural values, which may enable or constrain SEs growth. For instance, Mair and Marti (2009) observe that the masculine cultural setting in Bangladesh resulted in a gendered division of labour, with the primary responsibility of women for household work and child bearing, reducing their ability to participate in external work in order to generate income. Therefore, SEs working for female empowerment often face resistance from Bangladesh people. Similarly, Defourny and Kim (2011) argue that the collectivist cultural values prevalent in East Asian societies have enabled SEs to achieve easier acceptance and a higher level of support from civil society. It seems likely that as SEs work more closely with society compared to their commercial counterparts (Urbano et al., 2011), they will be increasingly influenced by cultural values, although the SE literature has thus far paid little attention to this phenomenon.

In sum, the discussion in this section develops the rationale and argument supporting a need to further examine how the regulatory and social institutions of the state, market and society may shape the growth of SEs.

3.4. The conceptual framework

The insights from chapters 2 and 3 are summarised in this section and used to set out a conceptual framework for the current study. Previous studies have identified that the institutional environment can play a key role in influencing SE growth by facilitating and/or constraining the process. These studies have analysed the nature of SE evolution in specific countries or regions by examining the influences of regulatory institutions (Defourny & Kim, 2011; Defourny & Nyssens, 2008) and social institutions (Mair & Marti, 2009) on SE growth. Research on the SE landscape has also explored the influence of institutional factors on SEs' functional level activities, including their resource acquisition (Lyon & Ramsden, 2006; Sunley & Pinch, 2012) and capabilities development process (Bloom & Chatterji, 2009; Bloom & Smith, 2010).

In recent years, there has been a rise in studies conceptualising SEs as hybrid organisations (Brandsen et al., 2005; Ridley-Duff & Bull, 2011) that “*pursue an explicit social mission through business-inspired earned income*” (Hockerts, 2015: 83). By definition, hybrids draw on “*co-existence of values*” (Doherty et al., 2014:425). A recent body of work has, therefore, focused on how hybrid organisations accommodate and organise their dual missions at the strategic level (Battilana & Dorado, 2010; Battilana & Lee, 2014; Santos et al., 2015).

Another feature highlighted by the definition of hybrid organisations relates to their enactment in “*multiple institutional paradigms*” (Doherty et al., 2014:425). Until the incorporation of the notion of hybridity in SE research, previous studies have mostly explored the isolated influence of individual institutions on SE growth. Recent studies on hybrid SEs have demonstrated the prevalence of influences from multiple institutions such as, the state, market, civil society and international donors (e.g. Kerlin, 2010), although they tend to treat these influences as relatively homogeneous (cf. Besharov and Smith 2014).

Besharov and Smith (2014) argue that institutional logics within hybrid organisations can be ‘nested’, ‘intertwined’ and ‘heterogonous’. Hence, a particular tension within such organisation may arise due to influences from two or more institutional domains. It is, therefore, likely to be complex to clearly identify the origin of the influencing factor. In line with this thinking, the boundaries of regulatory, normative and cultural-cognitive institutional influences in hybrid SEs may be blurred. Hence, influences from these institutional categories and the resultant outcome may not be clearly distinguishable in the case of hybrids. To this end, the merit

of Scott's typology needs to be tested through application to the study of institutional environment surrounding hybrid SEs.

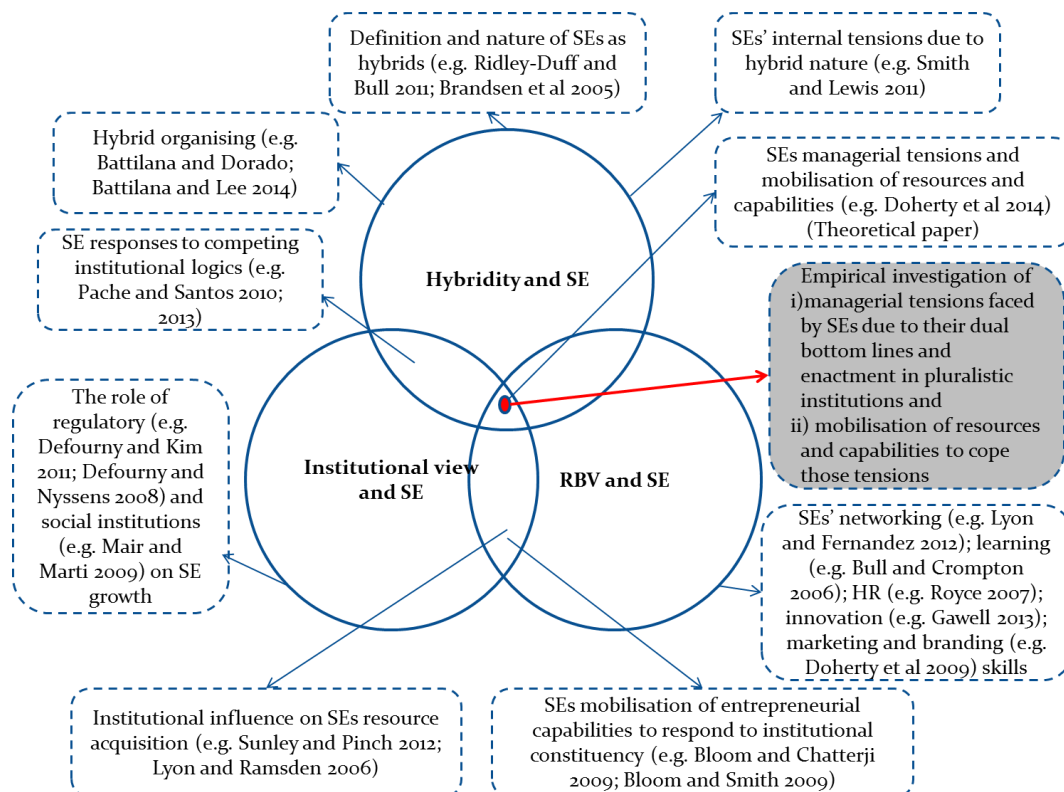
With rising research in the hybrid nature of SEs, a body of recent research has explored the interplay of the two unique features in hybrid SEs: i) their dual-value system and ii) their enactment in multiple institutions (Battilana & Dorado, 2010; Tracey et al., 2011). For instance, Pache and Santos (2010) have investigated how competing institutional demands influence the core missions and strategies in hybrid SEs and how they respond to the institutional pressures. In this respect, the theory of institutional isomorphism suggests that organisations in a given institutional context adopt similar processes or structures. Although organisations may develop independently, they tend to adopt homogeneous behaviour under the influence of similar institutional environment that offer similar opportunities and constraints (DiMaggio & Powell, 1983). Organisations tend to mould into the expectations posed to them by their surrounding institutional actors in order to achieve legitimacy (Greenwood et al., 2010). In contrast, neo-institutional theory contends that organisations are able to challenge institutional demands and shape them to be more favourable to their situation (Tracey, 2012). Organisations that embed multiple institutional logics have to respond to competing pressures to gain legitimacy (Smith et al., 2013). At the same time, they have to also avoid too much drift from their social or economic missions in the process of responding to institutional demands (Santos et al., 2015). For instance, prioritising market logics may lead towards undermining the demands of society. Smith et al. (2013) exemplify that SEs often tend to hire disadvantaged employees in order to respond to unmet social needs, but that market logics entail hiring staff based on skills or in other words, employing staff who are from advantaged sections of society. Therefore, the process of responding to institutional influence is fundamentally complex in the case of hybrid SEs.

While previous research has started to reveal the complexity of the interplay between the dual-value system in hybrid SEs and their pluralistic institutional ties, the internal tensions resulting from this interplay are still little understood (Smith et al., 2013). Even less understood are the strategies adopted by hybrid organisations in response to such tensions (Smith & Lewis, 2011). A small number of studies have identified response strategies, such as, selective coupling (Pache & Santos, 2010) and loose coupling (Cooney, 2006), but have not examined how such strategic responses translate into functional level actions or the mobilisation of resources and capabilities. This field of research, therefore, lacks a micro-level understanding of how tensions

are managed at a functional level in hybrid SEs and how they orchestrate their resources and capabilities (Doherty et al., 2014).

The review of literature by Doherty et al. (2014) centres on the hybrid nature of SEs and how hybridity affects the pursuit of dual missions at a strategic level and the acquisition of financial and human resources at the functional level. They present a framework for understanding the tensions in SEs that arise from their hybrid nature. This study extends the framework proposed by Doherty et al. (2014) by conducting an empirical investigation of the interplay between institutional influences, the dual-value system in hybrid SEs and their mobilisation of resources and capabilities in the context of Bangladesh and the outcomes of this interplay in terms of internal tensions and their management strategies. The current study is, therefore, a synthesis of ideas originating from institutional, strategic management and hybrid organisational studies. A literature map is presented in Figure 3.1, which also underpins the development of the conceptual framework of this study.

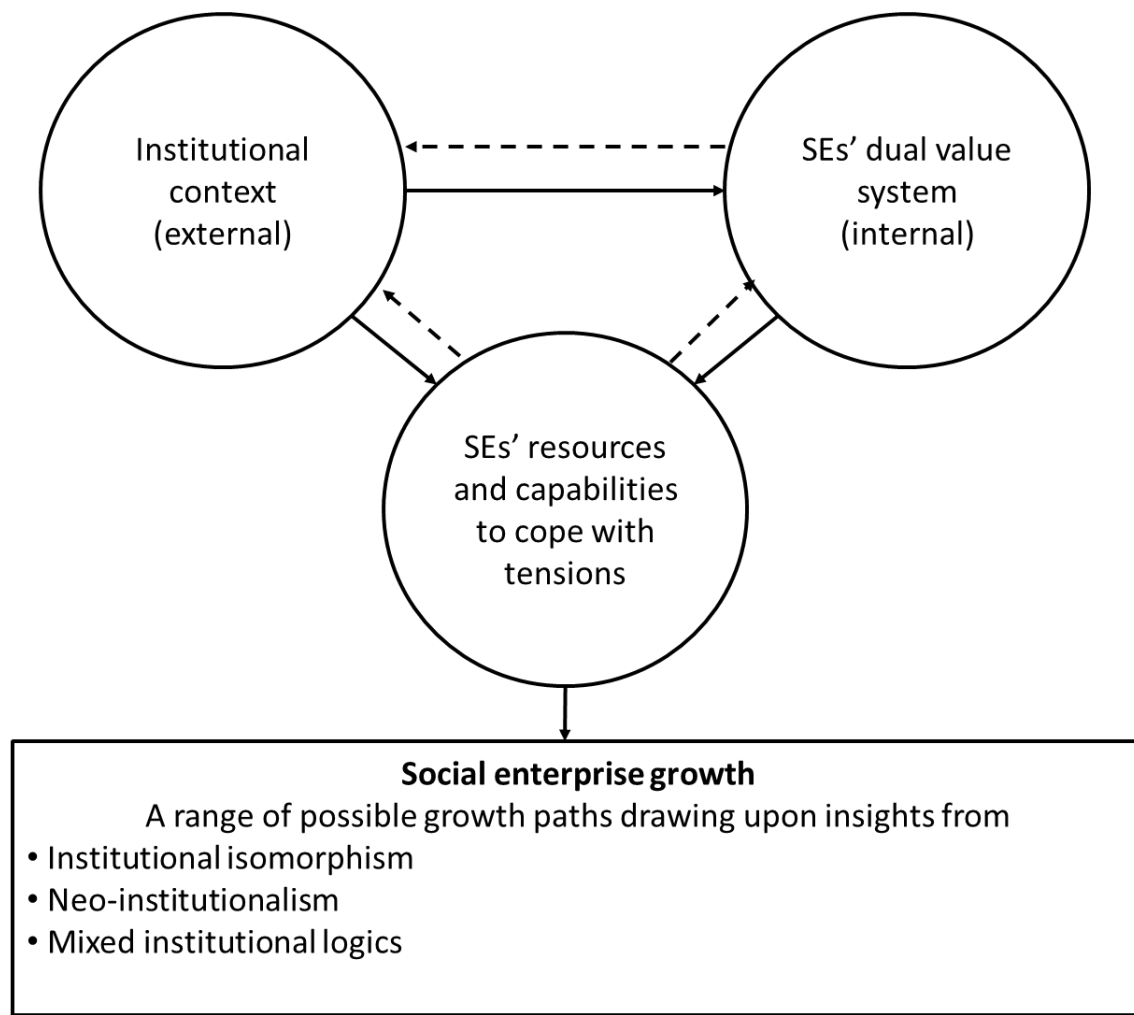
Figure 3.1: Social enterprise and growth: mapping the relevant literatures



The literature review presented in Chapters 2 and 3 has informed the design of the conceptual framework for this study which is the taking-off point for examining the interplay of three constructs: i) institutional context; ii) the dual-value system of hybrid SEs; and iii) the functional level of resources and capabilities. While the institutional context represents the macro level factors, the other two constructs (i.e. the value system and resources and capabilities) aim to capture the enterprise/micro level factors. The institutional influences are identified and categorised drawing upon the typology of Scott (1995). It should be noted, however, that institutional logics are ‘intertwined’ and ‘nested’ in hybrid organisations (Besharov & Smith, 2014) meaning that a clear categorisation of regulatory, normative and cultural-cognitive institutions may be problematic in this case. The empirical section of this study will explore the usefulness of Scott’s typology in categorising the pluralistic institutional influences within hybrid SEs.

One of the micro/enterprise level construct in the framework draws on the dual values (social and economic) that drive the strategies in hybrid SEs as suggested in previous studies (e.g. Smith & Lewis, 2011; Battilana & Dorado, 2010). The other enterprise level construct involves the resources and capabilities of SEs, with reference to the resource and capabilities based view (Barney, 1991; Ray et al, 2004). In sum, the review of literature suggests that the influences from different institutional domains can shape the way SEs can pursue their dual goals and can be the cause of their internal tensions. The SEs may adopt different strategies to respond to the institutional influences through mobilisation of resources and capabilities in a particular manner and thus cope with internal tensions. The responses may drive SEs to a range of possible growth paths, which are analysed based on the theoretical insights from institutional isomorphism, neo-institutional view and mixed institutional logics. Overall, the interplay between these institutional/macro and enterprise/micro aspects are examined in this thesis. To this end, the study seeks to contribute to the broader conversation of the interplay between structure and agency, while also incorporating the notion of hybridity in the framework.

Figure 3.2: A conceptual framework for explaining SE growth



Chapter 4: Overview of the SE sector in Bangladesh

4.1 Introduction

There is a long history of NGOs and SEs contributing to the economic and social development of Bangladesh. The world's largest hybrid NGO – Bangladesh Rural Advancement Committee (BRAC) – originated in Bangladesh (Ahmed et al., 2012). With the new revolution of the social business model promoted by Professor Yunus, an alternative to poverty reduction and job creation has come to dominate recent debates around SE (Yunus Centre, 2013). This sector in Bangladesh is diverse in terms of organisational forms and the approaches adopted (Mair & Marti, 2009). Most SEs can be broadly situated along a continuum that runs from primarily economic activities, such as service delivery (e.g. in health, education, sanitation, etc.) or credit and income generation, to more radical approaches which seek to mobilise and empower the poor (Lewis, 2004). The institutional environment in which SEs are embedded in Bangladesh has undergone several phases of change and reform, which have shaped the patterns of growth and the process of institutionalisation, bureaucratisation and professionalization (Feldman, 2003; Mohiuddin et al., 2014).

Drawing upon existing literatures and secondary data, the chapter examines the regulatory and social institutions surrounding SEs in Bangladesh. In so doing, the chapter first identifies and describes the main policies and institutions relevant to SEs and second analyses the way in which policies and institutional frameworks have influenced the forms and activities of SEs.

The next section (4.2) describes the evolution of NGO-state relationships in Bangladesh and subsequent patterns of SE growth. Section 4.2 discusses the legal framework, regulatory bodies and support institutions affecting the country's SE sector. Section 4.3 reviews the socio-cultural environment of social enterprises in Bangladesh.

4.2 The nature and scale of SEs in Bangladesh

A number of studies suggest that the social sector in Bangladesh is one of the most sophisticated national development networks in the world (Devine, 2003; White, 2000: 308). According to NGOAB (2014), since 1970 the number of NGOs in Bangladesh has increased from 40 to 22,000. This includes registered microfinance institutions, developmental NGOs and non-registered societies, such as clubs, associations and credit associations, most of which provide services in remote villages.

According to the World Bank (2006), by 2003 almost 90 percent of the villages in Bangladesh had at least one NGO. In a sample of 720 NGOs, the organisation found that 90 percent were small NGOs having operations in less than five districts (out of 64) and just two (i.e. BRAC and ASA) had branches in all districts. Gauri and Galef (2005) suggest that larger NGOs mostly operate through a branch/headquarters structure, with few found to be operating stand-alone and only serving local communities. Some of the most dominant NGOs in terms of reach, impact and resource ownership are BRAC, ASA, Grameen Foundation, Proshika and Caritas.

According to the World Bank (2006), in 2003 an estimated 92 percent of NGOs provided microcredit as a service, and most provided healthcare as well as sanitation employment and education. The study also suggests that 93 percent of NGOs were attempting to raise public awareness of sanitation, health issues and nutrition.

The first pilot experiments in microcredit services started at the end of the 1970s (Ahmed 2009). However, after the end of liberation war in 1971 the priority of NGOs shifted to relief and rehabilitation, as this was urgently needed by the war-torn country. During the 1980s, with the success of Grameen Bank, many NGOs started to provide social services through micro-credit. During the late 1980s and early 1990s, several exclusive micro-finance institutes (MFIs) that were registered as NGOs started their operations and introduced innovative financial products with the objective of poverty alleviation. An overview of the NGOs sector is summarized in Table 4.1.

The growth pattern of SEs in Bangladesh has progressed through four phases. After the country's independence NGOs were primarily funded by western donors (Matin & Taher, 2001). From 1971 to 1975, the major focus and activities of NGOs was limited to relief and

rehabilitation of war torn Bangladesh. From 1975 to 1990, during the military period, focus changed to developmental activities while also continuing to target relief and rehabilitation. Over 20 years after independence, NGO's activities were mostly limited to implementing the priorities and ideas of donors which tended to lack strategic integration or coordination with NGO's own ideas and vision (Stiles, 2002: 837).

Table 4.1: Overview of NGO sector in Bangladesh

Topic	Facts and Figures
First NGO in Bangladesh	Gono Shastya was an NGO that started its operation with a mobile medical unit providing support to freedom fighters in 1971 (Zohir, 2004)
Number of NGOs	Since 1970, the number of NGOs in Bangladesh has increased from 40 to 22,000. This number includes registered microfinance institutions, developmental NGOs, and non-registered societies, such as clubs, associations and credit associations (NGOAB, 2014)
Trend of donor funding	In 1989 donor funds accounted for 94% of all NGOs income sources. This reduced to 35% in 1999 (Thornton et al., 2000)
Proliferation of NGOs	By 2003, almost 90 percent of villages in Bangladesh had the presence of at least one NGO. Among these 90 percent are small NGOs with operations in less than five districts (out of 64) and just two large NGOs (BRAC and ASA) had branches in all districts (World Bank, 2006)
Governance structure	NGOs mostly operate through a branch/headquarter structure in which branches have limited autonomy. Few small NGOs operate stand-alone by only serving their respective local communities (Gauri & Galef, 2005)
Activity pattern	Highest number of NGO projects approved in health following the education sector. (NGOAB, 2011)
Awareness raising activities	93% of NGOs attempt to raise public awareness related to the three most common subjects: sanitation, health issues and nutrition (World Bank, 2006)

During the early 1990s, after democracy was restored, a second major shift in the Bangladeshi social economy occurred through the development of a partnership between the government and NGOs and MFIs in the delivery of social services (White, 2000: 308). Gauri and Galef (2005) found that the majority of NGOs from their sample group were involved in some sort of partnership with the government, mostly with the Ministry of Social Welfare followed by the Ministry of Women's and Children's Affairs, the Ministry of Health and Planning, and the Ministry of Education. As Zohir (2004:4112) comment: *"disguised in such partnership was the seed of a new type of SEs, initially working on contracts to deliver certain services"*. During this period the focus of NGOs' activities thus shifted from implementing the ideas of donors to implementing the priorities of government. For example, the Slum Improvement Project, run by the municipalities and the Local Government Engineering Department (LGED), employed

NGOs to train local community health and sanitary workers (Water Aid) (Zohir, 2004: 4112). NGO-government partnership is still a dominant growth approach in the social enterprise sector of Bangladesh. Accordingly, recent data shows that the NGOAB approved its highest number of NGO projects in the health and education sector, an area where the government puts most of its priority and seeks NGO participation.

The third major change in the social economy has been the introduction by NGOs of different revenue generating activities in order to ensure their own financial sustainability (World Bank, 2006). As Devine (2003) argued, “*the new competition is all about sustainability*” (p.231). Between the late 1990s and early 2000s, there was a reduction in funding from both donors and the government (Khandker, 1998), which resulted in NGOs thinking about alternative approaches to increase their financial self-reliance and introduce their own revenue generating activities.

4.2.1 The new generation of SEs in Bangladesh

The financial pressures exerted on NGOs have encouraged them to seek alternative models to address social problems. There has been a movement to integrate conventional business elements to the operations of NGOs. Mohiuddin et al. (2014) identify social campaigners, such as Sir Fazle Hasan Abed of BRAC and Professor Yunus of Grameen, as setting examples for NGOs of how to approach social problems with more creative, unconventional and sustainable approaches, including the integration of conventional business models. Each of these new forms of enterprise has a strong social motive embedded in their culture and values, and are run as conventional enterprises. In some cases they are even registered legally within the conventional framework governing the sector (Sardana, 2013; Yunus et al., 2010). The integration of a more business oriented approach has enabled large NGOs, such as Grameen and BRAC, to move away from donor dependency and adopt a more self-sustainable model, setting an example for other NGOs and SEs (Yunus, 2011).

Given the institutional context and related changes to decrease a donor dependency culture, and seeing the success of Grameen and BRAC, a growing number of NGOs have chosen a pragmatic path: adopting a less ‘political’ approach in order to avoid antagonising the government and/or jeopardising their relationships with the donors (Sardana, 2013). At the same

time, with increasing competition around funding sources, many existing NGOs had started their own income generating activities. For instance, BRAC's Aarong, a retail outfit, sells products stitched by rural women to urban elites and foreigners. Delta BRAC housing society, BRAC bank and BRAC University are just some of BRAC's commercially oriented activities, the revenue from which supports its traditional service delivery initiatives (BRAC, 2012).

Some emerging SEs have adopted a 'small is beautiful' and 'go it alone' approach to exert real change and poverty alleviation through social mobilisation, focusing on addressing deeply rooted problems in specific communities rather than aiming for general coverage rates. Given the institutional context, they are likely to be operating individually instead of following the growth path of traditional service delivery NGOs (Yunus et al., 2010). For instance, Grameen Danone is financially self-sustaining and helping to address the nutritional requirements of the poor through its fortified yogurt, while simultaneously creating employment for individuals (Rodrigues & Baker, 2012).

The founder of Grameen Bank, Professor Yunus, is regarded as a strong campaigner of this new model for NGOs and calls it 'social business'. Yunus defined social business as *"a non-loss, non-dividend company dedicated entirely to achieving social goals, an investor cannot take profit out of it but they can take out their initial investment"*. Since 2010, Yunus has been one of the front runners in promoting the concept of social business as an alternative to conventional approaches to employment creation, poverty reduction and achieving social and economic goals. The concept of social business allows an enterprise to run as a conventional enterprise, in some cases even registered within a conventional business framework, yet the core element of the enterprise is self-sustainability achieved through trading in the market and through the fulfilment of social goals (Yunus et al., 2010). Grameen Danone, Grameen Veolia and Grameen Intel are just some of the social business ventures of the organisation that have been operating in Bangladesh since the late 2000s (Yunus Centre, 2013).

The SE philosophy and business model has also been promoted by BRAC through its creation of successful SE ventures, such as Aarong and BRAC Aarong Dairy. Despite being the largest NGO in the world, BRAC has moved away from the conventional donor dependency to a self-sustainable approach that operates an enterprise and fulfils a social goal (BRAC, 2015).

4.3 Regulatory institutions and SE behaviour

This section reviews what is known about the main regulatory influences and their potential to influence the nature of SEs in Bangladesh. The section includes what is known about the process through which most SEs in Bangladesh have adapted their behaviour in line with various social and institutional pressures.

4.3.1 The history of public policy: from conflict to cooperation and coordination

The NGO movement in Bangladesh is strongly associated with the responses to a series of major incidents during the 1970s, all of which had catastrophic outcomes for large numbers of people and for the country's infrastructure. These include the cyclone in 1970, the liberation war in 1971 and the famine in 1974. During these incidents NGOs contributed significantly as partners of the government in its efforts to rebuild the country's social and physical fabric by participating in relief and rehabilitation activities. An important transition occurred between 1978 and 1980, when NGOs shifted their focus from relief and rehabilitation to social transformation aims. They started questioning the problems seen as more 'socially embedded' (cf. Zukin & DiMaggio, 1990), notably gender inequality, and the highly uneven distribution of resources and wealth (Kabeer et al., 2012; Zohir, 2004). Examples include the work of Nijera Kori in facilitating and legitimising the collective actions of poor farmers against exploitations by local elites, Proshika's focus on improving agricultural productivity through the sharing of water rights, and Grameen Bank's efforts to empower poor women through its microcredit programme (Rahman, 2006). With support from various international donor funds, these NGOs attempted to address social discrimination as reinforced by local elites and state bureaucrats. These socially and state imposed constraints were seen as inhibiting the potential for purposive economic reorganisation. Some NGOs also lent support to the democracy movements that opposed the dictatorship of General Ershad in the 1990s, particularly through their efforts to raise awareness on the meaning of democracy, the importance of citizen empowerment and freedom of vote (Ismail, 2012; Lewis, 2011).

NGOs' efforts to promote themselves as an alternative force for stimulating economic change and social justice, and their heavy dependency on foreign aid, have resulted in them

being perceived as anti-government and a threat to state-directed developmental activities. This growing perception amongst those in power has contributed to a worsening relationship between NGOs and the state. NGO-state relational tensions led to a less cooperative stance on the part of the government and public support institutions towards the SE sector (Lewis, 2011).

There is evidence to suggest that conflictual relations with the state have significantly restricted the growth of the NGO sector since late 1980 (e.g. Buse, 1999; Matin & Taher, 2001). Many projects have been cancelled, new proposals not approved, increased bureaucratic constraints imposed by the state, the registrations of many existing NGOs have been cancelled, and there has been increased scepticism on the part of the government towards the utilisation of foreign funds. In attempting to overcome these institutional challenges, most NGOs started to shift away from projects and services that could be perceived as critical of the policies of the military government (Matin & Taher, 2001). There was thus a shift away from activities focused on social mobilisations to supporting the government by adopting a narrower approach focused on implementing state sanctioned developmental projects (Hasnain, 2013). As a result of the strict governance and control imposed by the military government, the growth of NGOs and social organisations in Bangladesh was considerably slow during 1987 to 1990 (Kabeer et al., 2012).

In 1990, General Ershad's government was toppled as a result of a public protest movement led by the coalition of the Bangladesh Awami League and the Bangladesh Nationalist Party, the two main opposition parties. After the fall of the military government, the whole country went through a period of dramatic change, with many new projects and initiatives being undertaken by the newly elected government to foster economic development. It was during this time that NGOs and social organisations experienced greater freedom and levels of cooperation from policy makers, with the government recognising the need to enrol NGOs, social organisations and civil society in support of economic growth (Tasnim, 2014). Therefore, many of the large first generation NGOs, such as BRAC, Proshika and Gono Shasthya, were no longer treated by the government and the elites as a threat to national projects, but rather as central players in carrying forward state vision.

As a result, the large NGOs established almost 12,000 new branches in the form of small, regional organisations as part of their collaboration with government departments on

social and developmental projects in rural Bangladesh, which were mostly in primary health and education (Arifeen et al., 2013). This process of organisational expansion and institutionalisation was further promoted by the various lobbying activities of NGO leaders, who were able to build strong relationships with key state bureaucrats and links to international networks. Through their strong positions, family and educational backgrounds and solid contacts with government and an international community of scholars and donors, NGO leaders were successful in lobbying the government for policy changes, increased institutional support and the strengthening of co-operative relations with the state (Hulme, 2013).

However, since late 2000s there has been an increase in tensions between the state and civil society organisations, including NGOs and SEs. Central to these tensions has been a dispute between Professor Yunus, founder of Grameen Bank, and the current government. At the heart of the dispute are conflicting interpretations of Grameen Bank's strategy, with a government review committee concluding in 2011 that since Grameen was created under a special law, while it was a statutory public authority, it remained a government bank. In contrast, Yunus contended that Grameen was an independent specialised bank, which, according to its founding charter, is run by its board of directors and not by the government. Grameen's employees do not take their salaries from the government budget, and therefore should not be considered as public servants. This dispute is also attributed to the heavy involvement of Professor Yunus in party politics. He made an open declaration to contest the election of 2008, although later pulled back his candidacy for unexplained reasons. Professor Yunus' declaration at that time made him a potential political foe for the current government, with these tensions continuing because of his current association and open endorsement of the Bangladesh Nationalist Party (BNP) a major opposing political force. This has once again created a dark cloud on both the micro-finance sector and the wider social business/enterprise sector in Bangladesh (Al-Mahmood, 2012).

The current government outlined a comprehensive economic plan titled "Vision 2021" in its election manifesto in 2008 and a group of NGOs are now regarded as important partners in the achievement of this vision. As the country celebrates its golden jubilee of independence in 2021, the state envisions providing happy and prosperous lives for all citizens by this date. The visions include providing citizens with assurance of social justice, environmental protection, human rights and equal opportunities. Vision 2021 aims to transfer Bangladesh into a middle income country where poverty will be drastically reduced, citizens will be able to meet every

basic need and developments in support of these aims will be fast tracked. The government has particularly focused on increasing rates of inclusive economic growth in order to successfully implement these visions (BOI Bangladesh, 2015). Government support is made available to those NGOs who are seen as contributing most to the Vision 2021 pathways (Chowdhury et al., 2013; NGOAB, 2011). Therefore, NGOs are increasingly participating in projects in partnership with government, with health and education being the main sectors where most partnership projects are in progress (NGOAB, 2011).

Table 4.2: Phases of SE growth in Bangladesh

Period	Focus of SE	Type of SE	Source of funding	NGO-government relationship
1971 to 1975 (post liberation war)	Relief and rehabilitation of war-torn Bangladesh	<ul style="list-style-type: none"> • Short-term emergency project based • Purely non-profit 	Mainly donors	NGOs are initially perceived to be contributing significantly and attracting foreign aid
1975 to 1990 (military regime)	Mainly developmental activities along with relief and rehabilitation	<ul style="list-style-type: none"> • Mostly project based • Few big NGOs start long-term programme based activities • Mostly non-profit 	Mainly donors	Government see NGOs as threat to its power and authority, and as agents of foreign power
1990 to 1999 (democratic Bangladesh)	Mainly developmental in health and education sectors; limited micro-finance activities	<ul style="list-style-type: none"> • Both project and programme based • Mostly non-profit but some revenue generating activities 	Mainly donors and partnerships with government	Relationship with government starts to improve; several partnership contracts are made between NGOs and the government
1999 to early 2000 (democratic Bangladesh)	Primarily micro-finance; other types of revenue generating activities with social aim	<ul style="list-style-type: none"> • Non-profit and quasi-commercial NGOs • Emergence of for-profit SEs 	Donor and government funds reduce; more focus on financial self-reliance from service charges and sales	Government sees SEs as partners of its development activities and expects their participation active
2007 to present	Social inclusion and empowerment; poverty alleviation	<ul style="list-style-type: none"> • New breed of SEs namely 'social business' promoted by Yunus 	Primarily rely on trading revenue and service charges	Tension between Yunus government- sees social businesses as pro-Yunus and anti-government
	Promotion of projects adhering to 'Vision 2021'	<ul style="list-style-type: none"> • Traditional NGOs converted to quasi-commercial structure 	Combination of grants and trading revenue	Government supports SEs and sees them as partners

While the emergence of partnership projects has improved NGO-state relationships, they have stimulated a specific growth pattern among NGOs that may potentially inhibit the implementation of inclusive growth. Lewis (2013) identifies that NGOs in Bangladesh have now become more narrowly focused on generic coverage rates and measurable outcomes – with a reduced emphasis on activities in support of outcomes that are harder to measure – including long-term commitments to social change. The increased pressure to conform has driven the sector to deliver services to the government that produce easily measurable results and coverage rates (Lewis, 2013). For this reason, many larger NGOs have tended to avail their services to those areas that have better infrastructure provision, such as transport, and a higher mobility of targeted beneficiaries. This approach has not necessarily involved the marginal poor population living in the more remote villages. In addition, being constrained by a lack of mobility, poor people have difficulty in accessing the services provided by the majority of NGOs (Fruttero & Gauri, 2007). This rising concern is further evidenced by NGOAB's own data which shows that 1,152 (60 percent) of NGOs operate in the Dhaka district (i.e. the capital city and its suburbs) (NGOAB, 2011). The evolution of NGO-state relations and subsequent effect on SE growth is summarised in Table 4.2.

4.3.2 The current legal framework governing NGOs and SEs in Bangladesh

This section focuses on the current legal framework governing the social sector in Bangladesh and the evidence relating to its impact on SEs' behaviour and growth. In order to leverage the partnership between NGOs and the state in 1990, the newly elected government established an NGO Affairs Bureau (NGOAB) to operate directly under the Prime Minister's Office. NGOAB is responsible for monitoring the activities of NGOs, ensuring the proper utilisation of foreign funds, and supporting their growth and contribution to the country's economy. As defined by NGOAB, an NGO is a non-governmental and non-profit organisation of Bangladesh with social and developmental goals to identify and address social problems. The regulations of NGOAB allow NGOs to collect external funds from individual donors or donor institutions within the stipulated rules and regulations.

NGOAB operates under The Foreign Donations Regulation Ordinance 1978 and The Foreign Contributions Ordinance 1982, under which all NGO projects/services and foreign

donations are subject to a strict approval process. Bangladeshi NGOs have to renew their registration every five years by submitting details of their financial statements, reports on projects and annual meetings. Non-renewal of their registration may follow from insufficient transparency and/or poor outcomes on their funded projects, which can lead to cancellation of their registration. The NGOAB only approves the release of foreign funds based on its assessment of the quality and viability of proposals submitted by NGOs and how they intend to utilise the funds. In addition to approval from NGOAB, NGOs require permission from district level authorities before they are able to implement the funds. On completion of every project, the NGOAB audits the financial performance and the impact of the project, providing certifications based on the audit results. NGO leaders and employees are also required to seek approval from the NGOAB to participate in foreign seminars and workshops. Moreover, the regulations state that any kind of reported corruption, lack of transparency or lack of accountability will result in the cancellation of registration and further punishment (NGOAB, 2011).

According to the amendment of NGOAB regulations in 2006, NGOs are now required to prepare annual reports on their activities within three months of the end of the financial year and send copies to the NGOAB, the relevant Ministry, Divisional Commissioner(s), Deputy Commissioners and the Bangladesh Bank. The state may, at any time, inspect the accounts and other documents of these NGOs. It may also require them to submit a declaration as notified in the official gazette. Failure by the NGO to produce any accounts or other documents, or indeed failure to furnish any statement or information, is a contravention of state regulations. The accounts must be audited by the persons appointed by the organisation or persons enlisted/approved by NGOAB. Audit reports must then be submitted to the NGOAB within two months of the end of the financial year. The NGOAB also inspects field level activities of NGO workers (NGOAB, 2011).

On a positive note, there is evidence to suggest that the legal framework and rigorous accountability requirements of the state has served to increase the transparency of NGO activities and enhanced professionalism in their approach (Chowdhury et al., 2013). For instance, NGOAB claims that the laws on renewal and auditing have enabled it to identify and root out corrupt practices in NGOs. In 2010, the NGOAB cancelled 585 registrations for failure to produce satisfactory audit results during renewal (NGOAB, 2011). However, a report published by the World Bank (2006) suggests that the current legal framework governing the social sector

has had a number of negative consequences for SE growth. The stringency of regulations has increased the operational complexity for NGOs, the power and interference of the state, and the potential for excessive bureaucracy and public corruption (World Bank, 2006). The World Bank (2006) states that:

“...the legal framework [for NGOs] is outdated, obsolete, with an over-abundance of laws and official agencies with limited capacity... Staffing at NGOAB has barely changed since 1990, even though the number of NGOs the agency is supposed to oversee has tripled. As a result, delays are common, financial reports are not scrutinized adequately, and basic data relating to foreign-funded NGOs are not maintained systematically... Laws relating to internal governance and financial accountability of NGOs are inadequate. The reporting and accounting burdens placed on NGOs are contradictory, and weak capacity means that regulators present a feeble deterrent against cases of poor internal governance.” (p.8)

NGOAB has also been criticised for being ‘unjustifiably supportive’ to a number of larger NGOs. The Daily Star (2011), a local newspaper in Bangladesh, reported that some NGOAB- favoured NGOs have been able to avoid the bureaucracy and rely on their political connections to gain approval without the need to provide the requisite paperwork. In contrast, those NGOs engaging in social mobilisation programmes have found themselves to be subject to greater scrutiny. These NGOs have sought to challenge the more socially and politically embedded causes of poverty and seek structural transformation. For instance, their missions often involve female empowerment, political activism and raising the voice of the marginalised poor. Due to the very nature of their mission, they intervene directly within the political space that defines the status quo. As a consequence, they are perceived to be threatening the established relationships that support government parliament members and their patrons (i.e. with the local/rural elites) (Hasnain, 2013; Rahman, 2006). Therefore, government and NGOAB regulations have been used to regulate the behaviour of such NGOs, including suppressing actions relating to social mobilisation. Such a stance by the government and NGOAB raises

important questions around the extent to which the increased policy legitimisation of NGOs has been achieved at the cost of their ability to enhance their role in society.

4.3.3 The institutional support environment for SEs in Bangladesh

A number of institutions provide a range of support to NGOs, including both financial and non-financial support, such as information, advice and training. One of these is the NGO Foundation which provides information and advice to SEs, but their service is mostly targeted at traditional NGOs (NGOAB, 2014).

In order to provide financial assistance to NGOs, the Bangladesh government created the Palli Karma Sahayak Foundation (PKSF) or Rural Works Assistance Foundation. Since its creation in 1990, the PKSF has financed a large number of microcredit programmes run by NGOs (PKSF, 2015). Private commercial and agricultural banks also provide loans to NGOs, yet the (World Bank, 2006) observes that the use of commercial banks as a source of finance is still limited in the NGO sector and other more active sources include funding from foreign NGOs and welfare organisations (Haque, 2002).

Another support institution is the Bangladesh Enterprise Institute (BEI), a non-profit and non-political research centre that promotes issues of importance to the private sector and seeks to initiate measures for enterprise development. BEI's more recent interest has been in sustainable businesses and SEs, suggesting their potential source of increased information and advice for SEs (BEI, 2014).

The Foundation for Development Cooperation (FDC) is also a support institution that conducts research, creates awareness, and assists in the developmental initiatives of SEs through partnership. The organisation mainly supports SEs through finance and logistics (FDC, 2012).

Research Initiatives Bangladesh (RIB) is a non-governmental, non-profit research-support organisation promoting research on poverty alleviation that is relevant, participatory and action-oriented, and also seeks to create the necessary conditions for such research. The studies of RIB can also be potential sources of information for NGOs (RIB, 2012).

Most of the above institutions provide support to traditional NGOs. The Yunus Centre is currently the only institution providing financial and non-financial assistance to new generation

SEs, namely social businesses, working to create awareness about social businesses. The organisation maintains international communication and networking to arrange successful partnerships and funds facilities for social businesses. It also acts as a resource centre for existing and potential SEs that seek knowledge about social business principles. Furthermore, it undertakes research and delivers academic programmes, seminars and workshops in order to foster social business education (YunusCentre, 2015).

In Bangladesh, the supporting institutions for SE are extremely resource constrained and are unable to meet the demand of support seekers (Bangladesh Social Enterprise Project, 2010a). Staffing at many of these institutions has barely changed since their inception and many skills are outdated, with most institutions not even equipped with computerised systems to store data (World Bank, 2006). A study conducted by Bangladesh Social Enterprise Project (2010b) on ‘the perception of SE in Bangladesh’ supports that the lack of awareness about the concept of SE is a potential barrier to future growth. The study reveals that there is no clear definition of SE, which creates ambiguity among potential entrepreneurs, policy makers and the general public. In addition, the study finds that 63 percent of respondents (including NGOs, government organisations, MNCs and local firms) have a moderate understanding and thus hold vague ideas about the concept (Bangladesh Social Enterprise Project, 2010b). Respondents felt that because of this ignorance, “*support institutions are less cooperative*” (p.37), and that few organisations are promoting this concept (Bangladesh Social Enterprise Project, 2010b).

The BSEP study also identified an absence of institutions educating and preparing the labour market for jobs in the social sector, with the number of support institutions for training and skills development for social sector workers being limited. Therefore, social entrepreneurs and their teams often have limited skills in accounting, bookkeeping and business planning. Limited English language is also a barrier for entrepreneurs seeking to engage with overseas donors and multinational companies. Respondents in the study commented that the capacity development initiatives undertaken by supporting institutions were insufficient to meet their needs.

This study identified a lack of institutions willing to finance SE activities as the third barrier to growth, and that funds provided by the government were not sufficient. Yet, respondents complained about the unwillingness of conventional banks to finance SEs and

micro-credit schemes. The World Bank (2006) suggested that such businesses are either owned or are somehow related to the poor who are vulnerable both as creditors and consumers. Therefore, financing a business which focused on the lower end of the market could be considered risky. Even if the products of a SE are aimed at affluent customers, risk still remains high as the Bangladeshi market is not ready to accept such value-centred products with premium prices. Thus conventional banks have expressed concern about business failure and that such entrepreneurs are unable to supply adequate assets as collateral. In addition, micro-credit schemes are challenging for banks due to two reasons. First, poor peoples' businesses are often not insured and second, these individuals are unable to save the money required for timely repayment of the loan. Therefore, banks and other financial institutions are reluctant to introduce micro-insurance and micro-saving for the less fortunate in society.

Another potential problem identified by BSEP (2010b) is the lack of institutions working to reduce the information gap between SEs and the market by promoting network facilities. In the Bangladeshi context, an enterprise lacking connection to policy and business elites often lacks access to the social networks necessary to access new markets and relevant support. Wilson and Wilson (2006:9) argue that these connections are essential when searching for business opportunities, given that *“poor people in developing countries could make excellent suppliers... but are often ignored by major businesses”*. They also suggest that SEs have potential to be suppliers to multinational corporations searching for partners with a social vision, but due to a lack of liaison between these parties, barriers are sometimes created when forming partnerships and/or buyer-supplier relationships. There is a need for both private and public support for this through the creation of networking facilities to help connect organisations. However, the nature of institutional support for SEs may raise concerns over their growth.

4.3.4 Accreditation and federation membership

All of the major NGOs are members of the Association of Development Agencies in Bangladesh (ADAB), established in 1976 to coordinate, monitor, network and advocate through dialogue, round table discussion, and promotional publications and research to create an enabling environment for the NGO sector (ADAB, 2014). Under the umbrella of ADAB, larger NGOs have collectively lobbied the government for pro-NGO policies (Rahman, 2006). For instance, in

2005 ADAB filed a case against the five yearly renewal laws of NGOAB, which halted this process for five years (NGOAB, 2011).

Previously, ADAB has also coordinated a Democracy Awareness Education Programme that criticised existing government policy and actions, securing a degree of legitimacy for a more ambitious socio economic agenda and the contribution of many smaller and more critical NGOs in the political sphere. In addition to institutional pressures against social mobilisation and political activism, there is a long standing and deep ideological unease among Bangladeshi elites regarding the role of NGOs in politics. Therefore, in recent years due to government intervention and a lack of institutional support, ADAB has adopted a less politicised and critical stance. For instance, as part of this process ADAB chose not to support the Gono Shahajjo Sangstha (GSS) in its mission to promote its landless group members as candidates for local union election. Similarly, it rejected an application from Proshika to promote their popular governance method and human rights to enable people to play a greater role in the democratic process, thus further isolating those organisations working for deeply rooted structural change (Rahman, 2006).

Therefore, this policy context, involving a reassertion of the narrower aims and policy scope as observed during the Ershad regime of the 90s, has dented the will of many NGOs to pursue objectives that could be perceived by the government and supporting elites as overly related to social mobilisation.

4.3.5 The Role of Donors

The Bangladeshi SE sector has remained largely dependent on a range of western/international bilateral and multilateral donors. Many have collaborated with NGOs to design and implement their developmental initiatives, particularly as they have perceived NGOs to be a preferred alternative to the government due to their reach to the poor, relatively transparent approach and understanding of western cultures. Therefore, NGOs have been criticised by some for being overly influenced by donor policies and implementing a western-dominated developmental discourse (Shiffman & Wu, 2003). For instance, the growing influence of the concepts of micro-credit and entrepreneurship can be seen to be compatible with the dominance of a neoliberal policy framework. For instance, the concept of micro-credit and

entrepreneurship emerged in the early 1980s when there was a trend towards the privatisation of welfare. Donors shifted focus from projects underpinned by a more collective and interventionist approach that addressed inequality and development needs to one that favoured market-oriented micro-finance projects, where the latter emphasise individual rather than collective mechanisms of change (Yunus, 2003). Thus it is arguable that this new focus prioritised income generation for a relatively small number of entrepreneurial beneficiaries rather than creating sustainable employment for the majority of the poor (Ahmed et al., 2001). Accordingly, since the early 1990s there has been a rapid growth of micro-financing institutes (MFI) (Feldman, 2003). For instance, Grameen Bank was one of the first to promote this ultimate ‘decentralisation and privatisation’ of welfare. Some studies (e.g. Rahman, 2006) argue that MFI failed to reach remote villages and provide loan facilities to those suffering extreme poverty. Moreover, the limited entrepreneurial skills and lack of support in training for MFI beneficiaries has contributed to the underutilisation of loans, further jeopardising their financial situation. Thus many NGOs, in the process of implementing donor dominated agendas, have failed to achieve legitimacy from local members (Rahman, 1999).

The need for accountability to donors has further pushed NGOs to seek short-term easily measurable outputs (cf. Banerjee, 2008, 2014). For instance, most MFIs target lower risk individuals who are able to maintain weekly rates of return. While these loans yield high interest payment rates, they fix uniform repayment schedules regardless of the need to maintain their performance to donors (Feldman, 2003). Evidence suggests that many service delivery NGOs have also withdrawn resources from many marginal localities and programmes when they have failed to achieve the target coverage rates previously negotiated with donors. Furthermore, Shiffman and Wu (2003) argue that NGOs have tended to adopt a performance-oriented approach rather than a process-oriented one. This has also acted as a significant barrier to the growth of SEs focused on social mobilisation (Pearce, 2000).

4.4 Tensions between society and SEs

As discussed previously, SEs in Bangladesh have traditionally served as flagships for donor initiatives. More recently they have tended to adopt a more apolitical stance by carrying out service functions in close relation to national planning requirements (Lewis, 2011). A

number of critics have argued that, in the process of incorporating donors' requirements and government agendas, SEs have fallen behind in embracing the voices of civil society. Their quest for increased legitimacy with the government has adversely impacted on their ability to construct programmes that can alleviate social constraints in a meaningful way

It has been argued that a further contributing factor to the gap between civil society and NGOs is a disconnect NGO leaders with the people they profess to serve (Feldman, 2003; Lewis, 2013). NGO leaders primarily originate from elite, urban and educated families, often having an educational and employment background abroad. NGO leaders share similar cultural and social class characteristics to those of and, arguably, donors and highly placed government officials tend to have a limited understanding of needs at a grassroots level in developing country contexts such as Bangladesh. In contrast, NGO employees who tend to come from a middle class background but nevertheless have affiliations with family villages, tend to have more affinity towards the realisation about people's needs and interests. However, their need for economic security and respect for hierarchical tradition often reduces their willingness to challenge organisational leadership and donor interests. This results in an increasing gap between SEs and civil society, and could be a potential source of tension in the social sector (Lewis, 2013).

The tension between civil society and SEs has also been fuelled by SEs' stance against certain socio-cultural norms and values. There are examples where NGOs have been found to be going against the socially embedded traditions of Bangladesh. For instance, according to religious and traditional social values in Bangladesh, women are obligated to practice purdah, undertake sole responsibility for housework and child rearing, and respect the male dominated hierarchy in the family. NGOs have found that these values exclude women from access to education, health care and the labour market, resulting in some of them adopting a critical stance towards such social and religious values. On the one hand, NGOs' programmes have enhanced women's empowerment by providing them with greater decision-making authority. On the other hand, however, Ahmed et al. (2001) found that such programmes have also affected the emotional and even physical well-being of women in the process of coping with a situation that goes against societal values. In addition, Kabeer et al. (2012) found that women's participation in a micro-financing programme caused family tensions in rural villages, with men feeling threatened by a 'loss of control'.

Furthermore, the patron-client relationship is a social norm in Bangladesh originating from the country's hierarchical social structure. When Nijera Kori, a Bangladeshi NGO, introduced its programmes to empower landless farmers by leasing land and agricultural support to them, they faced protest from landowners. These landowners previously used to be the patrons of the landless farmers, and experienced the NGO's programmes to be threatening to their position and the traditional social class system. They therefore constrained the NGO's activities through violent acts, including setting fires in the NGO's offices and harassing staff (Feldman, 2003).

Such experiences demonstrates that the extent to which SEs in Bangladesh have been able to incorporate social institutions in their policies and activities, and thus develop capabilities to build leverage on their socio-political embeddedness, is open to question and a key issue requiring further research.

4.5 Summary

This chapter has reviewed the evidence relating to the influence of regulatory and social institutions on SEs in Bangladesh. The regulatory environment of the country is shown to be characterised by complex monitoring practices and lack of positive support. The relationship between NGOs and the state has evolved along a trajectory from conflict to greater co-operation. The nature of this relationship has influenced the focus and type of SEs to have emerged. SEs were also found to be adopting operational models and projects to achieve legitimacy from the government and donors.

A series of tensions are found to arise from the critical stance of many SEs towards a number of societal norms and values such as, treatment of women, and religious extremism. Overall, the chapter indicates how a number of influences from the regulatory and social institutions appear to have shaped SE growth. This understanding will be further developed in the empirical work conducted for this study.

Chapter 5: Research Methodology

5.1 Introduction

The choice of any research method needs to be appropriate to the phenomenon under investigation. This study examines how SEs in Bangladesh grow with respect to the role of their resources and capabilities, and how they relate to the opportunities and constraints posed by their institutional context. Drawing upon the conceptual framework presented in Chapter 3, this chapter sets out the methodological dimensions for the study by adopting a qualitative multiple case study approach collecting data from face-to-face interviews and organisational documents.

This chapter, therefore, presents the detailed study design, including the methods adopted and justification for choosing them. The chapter comprises four main sections. The first sets out the research philosophy and strategy adopted, the second outlines the sampling strategy, the third presents the overall methodology for addressing each of the research questions, and the final section describes the data analysis method.

5.2 Research approach and strategy

The three research questions and sub-questions of the thesis are:

RQ1: What is the nature of SE growth in Bangladesh?

RQ1a: What are the different types of SEs in Bangladesh?

RQ1b: What are the forms of growth adopted by the studied SEs?

RQ2: How does institutional context influence SE growth in Bangladesh?

RQ3: What role do SEs' resources and capabilities play in responding to the institutional influences?

Given the complexity and multi-level nature of the research questions addressed, a qualitative approach has been selected as appropriate for the development of in-depth insight. A quantitative approach allows examination of the problem at a surface level rather than digging deep to find causes (Bryman & Bell, 2011). Due to the nature of the study topic, it is necessary to

gain an in-depth understanding of the underlying factors that shape SE growth. It was important to get close to participants in order to uncover their internal logics and interpret their understanding in real terms (cf. Yin, 2012). For instance, in order to analyse the nature of SE growth (RQ1), it is important to explore the views of the SE leaders/manager about how they seek to pursue their social and economic goals. For addressing RQ2, an understanding on the regulatory institutional influences is required which can appropriately explored through knowing the experiences of relevant actors. Similarly, due to the abstractness of the normative and cultural-cognitive institutions, understanding requires the discovery of respondents' feelings and emotions towards these influences. Investigating the resources and capabilities in organisations and managerial tensions (i.e. for addressing RQ3) also necessitates micro-level analysis. Therefore, considering the level of analytical depth required to address all the three research questions this study adopts a qualitative research strategy.

Furthermore, the study adopted a multiple case study approach is utilised to enable a deep understanding of the phenomenon under research and interpreted the respondents' experiences and beliefs in their own terms and contexts (Gilmore & Carson, 1996). The study investigated the institutional environment surrounding the Bangladeshi social sector and examined how SEs internally organise their resources and capabilities to respond to institutional influences. Such issues are all considered sensitive to the context of the organisation. In this respect, Yin (2012) suggests that the distinctiveness of the case study is that it is

“...an empirical inquiry about a contemporary phenomenon set within its real-world context – especially, when the boundaries between phenomenon and context are not clearly evident.” (p.18)

Therefore, a case study approach allowed the issues to be examined in a real-world context and facilitated in-depth analysis and understanding. The study selected 11 SEs, including deliberately contrasting cases to bring about more confidence in the findings. Multiple-case analysis enabled cross-case comparisons and helped to find patterns and themes to aid theoretical contribution (Eisenhardt, 1989).

In short, the research approach and the strategy presented in this section are designed to fit the nature of the issues set out in the conceptual framework and to address the research questions. The next section will discuss the unit/focus of analysis, sampling techniques and other related issues.

5.3 Unit of analysis and sampling

The ‘organisation’ is set as the unit of analysis in this thesis. In order to select the appropriate cases, an online directory published by NGOAB listing all the SEs registered under NGOAB has been used. At stage-1 of the sampling process, categories were established for the selection of SEs from the directory and a list of SEs based on those categories was generated. At stage -2, purposeful sampling was done to ensure that SEs from all categories are selected. This two stage process generated an initial list of 52 SEs. Email invitations were sent to each of these SEs. After a number of email and telephone reminders, only three SEs provided consent to participate. The researcher had to use his personal connections to arrange access so that a variety of SEs covering all the sub categories in the NGOAB directory can be included in the sample. At the end, eleven SEs agreed to provide access. Table 5.1 shows the SEs included in the study in their respective categories according to the sampling criteria and as derived from the directory of NGOAB. Table-5.2 also includes a brief overview of the profile characteristics of the cases studied.

Table 5.1: Selection criteria for recruiting SEs for the study

Criteria	Explanation	Number of cases selected (total:11)	Literature source (Basis of stratification)
Type of registration	Non-governmental development organisation (NGO)	3	NGOAB (2014); Yunus Centre (2013)
	Microfinance and loan	2	
	Social business	6	
Geographical coverage	Urban based	4	NGOAB (2014)
	Rural based	6	
	Mixed	1	
Size	Small (i.e. <250 employees)	4	Gauri and Galef (2005)
	Large (i.e. >250 employees)	7	
Income Source	Donation	1	Gauri and Galef (2005)
	Service fees/sale of goods	2	
	Mixed income from donation and revenue	8	
Focus	Service delivery	3	Feldman (2003)
	Microcredit and loan	2	
	Social mobilisation and empowerment	6	

Table 5.2: An overview of selected cases and interviewees

Topic/ Selected SE	Bangladesh Profibondhi Foundation (BPF)	Quasem Foundation	Phulki	Association for Social Advancement (ASA)	Panther Social	MIDAS financing Ltd	Hathay Bunano	BRAC AARONG Dairy	Grameen Intel	Grameen Telecom Trust	Grameen Caledonian College of Nursing
Type of organisation	NGO	NGO	NGO	Micro-finance	Social business	Finance	Social business	Social business	Social business	Social business	Social business
Geographical coverage	Urban and rural	Rural	Urban	Rural	Urban	Urban	Rural	Rural	Rural	Urban and rural	Urban
Size	Large	Large	Small	Large	Small	Large	Large	Large	Large	Large	Small
Source of income	Donation	Donation and service fees	Donation and service fees	Service fees	Sale of goods and services	Service fees	Sale of goods	Sale of goods	Sale of goods	Sale of goods	Service fees
Activities	Healthcare of disabled	Healthcare of Northern area population	Child care for garments workers	Microfinance for poverty reduction	Savings opportunity for rickshaw pullers and income solution for rickshaw artists	Small business financing	Female employment in rural areas	Creation of market for dairy producers in remote villages	IT solutions for farmers	Support services to social businesses	Nursing education to Grameen Bank borrowers' daughters
Focus	Service delivery	Service delivery	Social mobilisation	Microfinance	Social mobilisation	Finance	Social mobilisation	Social mobilisation	Social mobilisation	Social mobilisation	Service delivery
No of interviewee											
Leader	2	1	1	1	1	1	1	1	1	1	1
Employee	1	1	1	1			1	1			
Beneficiary	4	1	1	2	1						

5.4 Data collection method

Data was collected through face-to-face interviews and documentary analysis. Twenty-five semi-structured interviews were conducted involving SE leaders/managers, government officers, officers from support institutions, and donors. The profiles of the respondents are presented in Table 5.3. The semi-structured interview was particularly appropriate for multiple case analysis as it facilitated both inter and intra-case comparison of the findings and produced ‘analytic generalisations’ (Yin, 2012:18). The interview guide for the semi-structured interviews in this study included four main sections (a detailed interview guide can be found in Appendix B): A. Origin, aim and objectives; B. Opportunities for growing the organisation/How they are seeking to grow; C. Challenges and support needs; D. Internal governance; and E. Recommendations.

Table 5.3: Data collection details

Interview details		Organisational documents considered
Total interviews	31 (20 male, 11 female)	<ul style="list-style-type: none"> • Policy documents collected from NGOAB • Publications and records of NGOAB • Publications and records of support institutes • SEs organisational records (i.e., annual reports, leaflets, etc.) • Media reports (i.e., newspaper articles, videos, etc.) • Interviews of any relevant actors on YouTube • Reports prepared by donors and partners of selected SEs
SE leaders	12 (7 male, 5 female)	
Employees	6 (3 male, 3 female)	
Beneficiaries	9 (5 male, 4 female)	
Government officer	1 (male)	
Support intuitions	1 (female)	
Donors	2 (1 male, 1 female)	

All of these sections comprised open-ended and some close-ended questions and digressions into areas that related to the research questions. Some questions in these sections asked about the experiences of the interviewees regarding relevant issues, whereas others attempted to elicit the feelings and interpretations of interviewees. Yet, the list of questions was constantly adapted and modified to explore issues that emerged while interviewing. In a few cases follow-up interviews were conducted to explore issues further.

The interviews were recorded using a digital recorder, which saved time during transcribing and translating, and increased accuracy. One of the interviewees did not allow this digital recording and his interview was recorded through note taking. Bryman and Bell (2011)

suggest that interviewees often end up talking about more controversial issues and express their feelings more comfortably when they realise that the atmosphere is informal and they know that their responses will not be recorded. Thus interviewees often talked comfortably about critical issues after the recorder was turned off and the researcher noted these points immediately after returning from the interview.

In addition to these interviews, the beneficiaries of five SEs, ASA, BPF, Phulki, Quasem Foundation and Hathay Bunano, were interviewed as a group. The villagers were more comfortable participating in interviews in a group setting; for this reason, group interviews were conducted in this case. The topic guide used for beneficiaries' interviews included: A. Background of the interviewees; B. Experience of working with a SE; and C. The local context and legitimacy (A detailed guide can be found in Appendix B)

The study also involved analysis of relevant documentary sources, including organisational documents, media reports, publications by the government, and donors. The analysis of the documents involved reading through these thoroughly and identifying relevant information to support the data collected from interview, such as, examples, numeric figures and financial statements. The documents with a soft copy were uploaded on Nvivo for conducting the analysis in a structured manner. Those in print form were included in the Nvivo analysis by manually inserting notes and memos. The use of a multiple-methods approach allowed triangulation to take place, which enabled integration and comparison of the findings from different sources and issues that might otherwise have remained hidden from the researcher.

5.5 The research questions and data collection

This section sets out the specific data collection methods adopted for addressing each of the research questions. Organisational documents, such as annual reports and leaflets, contributed most of the data required to address RQ1a, while further clarification on missing information was also acquired during the interviews with the SE leaders and employees. Section-A (on origin, aim and objective) and Section-D (on internal governance) of the interview guide for SE leaders/managers included questions that sought additional information to that.

The framework of SEs proposed by EMES Network (2013) was adopted in order to address this research question. The EMES framework points to four criteria: social mission, economic project, governance structure and institutional setting. In addition to the definitional criteria proposed by the EMES Network (2013), the current study considered ‘income source’, based on the SE definition suggested by Lyon and Sepulveda (2009), as a further analysis criteria. To this end, information on all these five criteria were collected from organisational documents and interviews.

RQ1b was largely addressed using the interview data provided by SE leaders and top managers. The literature review suggested that hybrid SEs grow primarily by pursuing a social mission in combination with their economic goals (Battilana & Dorado, 2010; Smith & Lewis, 2011). Therefore, SE leaders and employees were asked about their strategies for pursuing their social mission and economic goals during the interview. Section-B in the interview guide included questions on these dimensions. Further clarification was gained from the analysis of the organisational documents. For instance, a number of interviewees said that they preferred to achieve their social goal by increasing the reach of their service and thus adopting expansion as a key strategy for growth. The interview evidence was supplemented by data collected from annual reports and data on their number of branches, employees, and benefactors. These numeric data confirmed that all the SE cases had actually grown through expansion of their service outlets. To this end, the key data to address this research question was collected from interviews of the SE leaders and top managers, with additional data collected from organisational documents to complement the findings. The views of SE leader or top managers were particularly significant in addressing this research question given their key role in setting the strategic direction for the growth of the organisation as compared to functional level employees. Thus the opinions of the founders, board members or chief operating officers was particularly relevant to identifying the nature of SEs’ growth.

For addressing RQ2, SE leaders and top managers were interviewed to identify the challenges that they had experienced due to the institutional influences and also any support that they had received from those institutions. In this case as well, the views of leaders and top managers were of particular significance due to their awareness of policy and support related issues and the challenges experienced by their own organisation. Moreover, SE leaders had the most experience of communicating with the institutional actors and were often involved in the

same social/political networks with these actors. Section-C in the interview guide for SE leaders/managers included questions to address these issues.

In total, three officers from NGOAB (the Chief of NGOAB) and Ministry of Social Welfare (two Secretaries) were contacted to include their views on the institutional and support environment surrounding SEs, although only, the Chief of NGOAB could be interviewed at the end as the other two officers were unwilling to participate. The key persons in the other private support institutions such as, Yunus Centre and Bangladesh Enterprise Institute (BEI), were also invited for interview and, of them, an officer from Yunus centre agreed to participate. While the opinions of the SE leaders aided understanding about the specific constraints faced by their own organisations, those of the representatives from public and private support institutions contributed insights on the challenges and opportunities shaping the social sector as a whole. The opinion of the representatives from these institutions provided insights that was relevant to examining how specific policies and regulatory requirements can give rise to internal tensions in SEs.

Donors were also considered for interview in order to address this research question. Being the key sources of funds and other non-financial supports, donors can play critical role in shaping the challenges and opportunities faced by SEs. The demands of donors can conflict with those of government and also with SEs' own goals, which can give rise to tensions within SEs. For this reason, the selected SEs were asked for permission to interview their donors. Unfortunately, however, only one SE (Bangladesh Protibondhi Foundation) allowed and arranged access to two of their donors (UNICEF and Save the Children), while the others were highly resistant to this request. The interview with the donors aided the understanding of their work culture, preferences and experiences of the challenges and benefits faced while supporting the SE.

The beneficiaries of selected SEs were also considered for interview in order to gain insights on the social institutions (i.e. the norms, culture and religious values in the society), their experiences of dealing with the SEs and their personal and social challenges. The interview with the beneficiary interviews allowed the study to gain insight into the tensions resulting from the demands originating from social institutions. While permission to interview their beneficiaries was sought from all eleven of the selected cases, only five (BPF, Quasem Foundation, Phulki,

ASA, Panther Social) agreed and made arrangements for this. Given that the villagers are often more comfortable talking collectively, they were interviewed in groups.

For addressing RQ3, SE employees at the functional level along with their leaders/top managers were interviewed. While SE leaders are more knowledgeable about the strategic direction of the organisation, employees at the functional level (such as, marketing, human resources, accounting, and project management) have direct experience of how resources and capabilities are developed and mobilised within the organisation. For this reason, the insights of functional level employees aided the understanding of how tensions are managed at micro-level through the orchestration of resources and capabilities.

In the interview guide prepared for SE leaders and employees, Section-C included questions on various challenges that could potentially cause tensions in SEs, and each of these questions was also followed by an inquiry about how those challenges were internally managed. This helped provide the data required to address the third research question.

The SE leaders were asked to suggest which of their functional managers would be useful to interview in their organisation and also to arrange appointments accordingly. Among the eleven studied organisations, six SE leaders facilitated access to functional manager interviewees, while the others considered them to be highly focused on micro-level activities and thus thought that they would be able to provide sufficient insights on relevant questions.

5.6 Data analysis method

All of the 30 interviews were fully transcribed. Of these, eight were conducted in English and 22 were in Bengali language, with the latter being translated into English. In the second phase, the raw transcripts were then analysed using Nvivo software for the qualitative data analysis. A code guide was developed to conduct a cross-case comparison and the development of the coding followed a combination of inductive and deductive approaches. The coding guide is presented in Table 5.4.

The first level codes were initially generated from the conceptual framework and literature review. The second stage involved the generation of level 2 codes that were inductively developed from the findings emerging from empirical data. The objective of the level 2 coding

was to add depth to the categories identified in the level 1 coding. The data inserted under code level two was compared for similarities and differences. This resulted in some of the coded data being discarded, while other codes were expanded. Familiar codes were pulled together into categories whereby each ‘slice of data’ (Shaw, 1999: 66) within a category displayed internal homogeneity. It was ensured that the categories identified at this level were sufficiently heterogeneous from each other.

At the third stage, the analysis was deepened by associating interpretations to the structure that had emerged from the core categories of data identified in level 1 and 2 codes. At this phase a “*cohesive integration of categories was made*” (Shaw, 1999: 66). Therefore, level 3 coding involved a process whereby categories were integrated and refined in order to identify the emerging themes (Sinkovics et al., 2008). This stage aided the identification of six operational types of SEs; two modes of advancing SE social goals and two modes for pursuing economic goals; a number of influencing institutional factors (originating from state, market, society, social sector, donors and family) influencing SEs growth and finally, the various resources and capabilities that SEs had developed and mobilised in the process of responding to institutional influences.

The fourth stage involved the identification of managerial tensions, and related to this, comparisons of the different institutional influences (identified in level 3 coding) were made. A clear understanding of the relationship between different institutional influences was therefore developed and competing influences was identified with respect to each case. Instances of the presence of competing institutional pressures were searched from interviewees’ comments. SE’s responses to such tensions in terms of mobilising resources and capabilities were also identified from interview data. These tensions were then compared across the cases. This resulted in the identification of ten tension types found to be evident within and across the cases.

According to Bryman and Bell (2011), qualitative researchers have identified four major factors for determining the quality of such studies: i) external reliability, ii) internal reliability, iii) internal validity, and iv) external validity. External reliability refers to “*the degree to which a study can be replicated*” (Bryman & Bell, 2011:410). The initial conceptual framework, the use of interview guides and a well-developed coding schedule all make this study repeatable by future researchers. The study, however, is disadvantaged with respect to internal reliability (i.e.,

when there exists more than one observer and members of the research team agree about what they see and hear (Bryman & Bell, 2011: 410)). This is because the study involves only one researcher and thus has not had the provision for checking inter-observer consistency, however, triangulation of multiple sources allowed the study to cross-check any findings derived. The study also has internal validity as its pre-determined conceptual framework, substantive review of existing theories, and constant effort to compare data with relevant theories have developed researcher's knowledge about existing theories, in-depth understanding of the study phenomenon, and underlying theories that can explain the relationship identified from the data analysis, thus establishing the internal validity of the study. Finally, external validity is achieved when the findings of the study can be generalized to other SEs; and in the case of this thesis was acquired by analysing multiple cases having different characteristics in the Bangladesh social economy. Therefore, the data analysis process has helped to achieve a deep understanding of the research phenomenon. Furthermore, the selection of multiple cases, use of a pre-determined conceptual framework, and relevant links to existing theories have contributed to the robustness and quality of the research.

Table 5.4: The coding guide

Topic	Code level 1 (Deductive)	Literature source (for Code level 1)	Code level 2 (Inductive)	Code level 3 (Inductive)	
Background of the organisation	Origin	EMES Network (2013)		NGOs with fully donor dependency NGOs with some trading element NGOs with full-reliance on trading Social business Private and public ltd. Companies NGOs with a (conventional) subsidiary enterprise	
	Social mission				
	Economic project		Service delivery Microcredit and loan Social mobilisation		
	Governance structure				
	Institutional setting				
	Income source	Lyon and Sepulveda (2009)			
forms of growth (SE's dual-value system)	Modes of advancing social goal	Austin et al. (2006); Battilana and Dorado (2010)	No. of branches, employees & beneficiaries No. of different projects No. of target groups Conception of social impact	Expansion Diversification	
	Modes of pursuing economic goal		Financial self sufficiency Sources of investment Sources of income Conception of financial sustainability	Autonomous growth Partnership	
Institutional environment surrounding SEs	Regulatory-state	Scott (1995); Ridley-Duff and Bull (2011)	NGO regulations and monitoring Government policy change Government funding Public support	State regulations, policies and supports for NGOs and MFIs	
			Customised regulation Appropriate support	Customised regulations and supports for SEs	
	Regulatory/market		Industry regulations/standards Monitoring and implementation Support from private organisations	Regulations/standards imposed by and supports provided by market actors	
	Normative/State		Political conflicts Yunus-government tension Government attitude towards NGOs Work culture Political embeddedness of local leaders	Party political sphere	
	Normative/market		Competition Possessing business-like skills Protecting core knowledge Return on investment Differentiation	Logics of competition	
			Customer awareness Customers' purchasing power	Customer awareness and affordability	
			Traditional custom Trust on SEs activities Pre-conceptions/believes Religious norms	Conservatisms in the society	
	Cultural-cognitive/state		Power distance and patron-client relationship Network embeddedness	Political legitimacy	
	Cultural-cognitive/society		Social hierarchy Income and authority in the family Gender roles Group loyalty	Hierarchy and gender roles	
				Resource limitations of small SEs Opinion of influential SEs	Peer organisations' behaviour
				Social exclusion Fair treatment	Logics of social sector
				Donor requirements/conditions Funding policy Work culture	Donors' policy and work culture
				Family ethos Nepotism Trust for family members	Family embeddedness

Management of resources and capabilities	Financial resources	Sunley and Pinch (2012); Doherty et al. (2014)	Access to funding Tax Pricing Trading revenue Alternative income sources Challenges on working capital	Same as level 1
	Human resources	Royce (2007); Doherty et al. (2014)	Staffing Retention Socialisation Empowering	Same as level 1
	Communicating	Bloom and Smith (2010)	Persuading External communication Internal communication	Same as level 1
	Alliance building		External alliance	Same as level 1
			Internal synergistic alliance	Internal synergistic alliance
	Lobbying		Collective level Individual level Engagement	Same as level 1
	Earning generation		Integrated projects Un-integrated projects	Same as level 1
	Replicating		Transfer of know-how Income opportunity	Same as level 1
	Marketing	Doherty et al. (2009)	Advertisement PR activities Distribution	Same as level 1
			Naming strategy Communications strategy Relationship building	Social brand building
	Learning and skills development	Bull (2007)	Business-like skills Professional skills Knowledge sharing Experiential learning	Same as level 1
	Networking	Lyon and Fernandez (2012)	Political network Association membership Relationship building	Same as level 1
	Innovation	Zahra et al. (2009); Gawell (2013)	Project planning Adaption of project plan Organisational structure design Research and development	Same as level 1
			Selecting alternative legal form	Alteration

5.7 Ethical considerations

The measures discussed above helped to minimise any biases and distortion of the data that may have introduced by the researcher. Moreover, reducing biases was one of the most important ethical considerations during interviewing and data analysis (Bryman & Bell, 2011). The study's data may include a few biases due to a number of reasons. Firstly, being a Bangladeshi the researcher has been inculcated in the cultural norms and values of his home country. This may raise concerns of bias arising from the conduct of interviews and their subsequent interpretation. Secondly, although attempts have been made to develop rapport, the researcher's status as a foreign doctoral student and an academic may have influenced responses. Even after making efforts to reduce this gap, on a few occasions some hesitation

among the interviewees was observed, which may be symptomatic of responses being influenced by the researcher's status. As Miller and Glassner (2011) state,

"The issue of how interviewees respond to us based on who we are – in their lives, as well as the social categories to which we belong, such as age, gender, class and race – is a practical concern as well as an epistemological or theoretical one...Particularly as a result of social distances, interviewees may not trust us, they may not understand our questions, or they may purposely mislead us in their responses." (p.134)

Related to this argument, Riessman (1993) claims: *"the story is being told to particular people; it might have taken a different form if someone else were the listener"* (p.11).

Thirdly, the responses of the interviewees were sensitive to context as well as the status of the interviewee. Different interview surroundings can potentially influence an individual's feelings, language and expressions. As Bryman and Bell (2011) put it, *"...[the interviewees] interact differently in a variety of situations...if the interviewer interacts with them in a variety of situations the link between behaviour and context can be forged"* (p.503).

Different respondents were interviewed in a number of contexts, such as offices, in the field, in leisure club and coffee shop, which might have influenced their responses. Finally, issues may arise from the nature of the interviewees themselves. Mcneil and Chapman (2005) suggest that many people present themselves as 'nice and cooperating' and prefer, on balance, to agree rather than disagree, to be satisfied rather than be dissatisfied. This raises concerns that the opinions provided in an interview may strongly be influenced by a respondent's concern to please the interviewer by providing the right response (cf. Mcneil & Chapman, 2005). During the interviews, such responses were apparent and therefore, needed to be interpreted with care. Beyond these issues, other important ethical and moral obligations were maintained during the study process. These involved: i) avoiding harm to participants; ii) ensuring informed consent; iii) respecting respondents' privacy; and iv) avoiding deception (Bryman and Bell 2011). To

adhere to these ethical principles interviewees' full consent was secured prior to conducting the interviews, respondents were asked about their willingness to be identified in terms of their name/position and the organisation's name in the thesis. In order to respect their privacy and willingness to participate their permission to participate in the interview were sought through emails. The email included a brief outline of the research. After receiving permission to participate, an interview guide along with a scanned copy of the Ethical Approval Form authorized by the study supervisor was sent to respondents to ensure transparency. Vigilant investigations were made while identifying sensitive issues, such as those relating to corruption or nepotism, and careful language was used while writing about those in the thesis. To avoid any kind of deception at all phases of the study the respondents provided with a clear verbal description of the nature of the research verbally at the beginning of each interview.

5.8 Methodological challenges and limitations

The most significant methodological challenge experienced was in relation to gaining access to SEs and other key actors. Of the 52 SEs originally contacted by email only three agreed to participate, which resulted in the researcher having to rely mostly on his personal network. Even so, attention was given to including a variety of SEs and their employees at different level and stakeholders including beneficiaries, donors and policy support officers. With few exceptions, the SEs that ultimately agreed to participate were unwilling to grant permission to interview their donors and beneficiaries. Due to the constraints faced in arranging access, the findings of the study should, therefore, be used with care.

During the interviews, some sensitive issues emerged which appeared to make the respondents feel uncomfortable. For instance, issues related to the conflicting relationship between Yunus and government came up a number of times while interviewing respondents from Grameen family SEs. On a number of occasions hesitations were visible among the beneficiaries suggesting that they felt uncomfortable to discuss issues relating to the service provided by their patron SEs. Although respondents' views on these issues could have added significant insight to the thesis, they were not probed further on ethical grounds.

Yet, another methodological challenge related to the researcher's close ties with Bangladeshi institutional system. Being a Bangladeshi, the researcher had his own personal opinions about many of the issues addressed in the study. Therefore, interpreting the views of the interviewees in an unbiased manner was a constant struggle. Careful efforts were made to avoid probing the respondents in a way that could lead them to answer the questions in a manner that reflected the interviewees own perspective.

5.9 Summary

The chapter has discussed and presented the justification of the chosen method in relation to the conceptual framework. The data was collected from multiple sources including face-to-face interviews, group discussions and organisational documents. Eleven cases were selected using the NGOAB online directory. SEs with different registration status, geographical coverage, income sources, size and activities were purposefully selected to ensure representation and variety. The multiple case analyses enabled the study to compare the inter and intra case responses and thus identify and elaborate relevant patterns and categories.

Chapter 6: The nature of SE growth in Bangladesh - Findings

6.1 Introduction

This chapter begins by presenting the SE cases in terms of their social missions, economic projects, governance structure, institutional setting (EMES Network, 2013) and income structures (Lyon & Sepulveda, 2009). Six categories of SEs are identified based on these five criteria. The chapter then investigates the forms of growth of these six categories of SEs. Two aspects are identified as central to their adopted growth path: the means of achieving social goal and means of achieving their economic goal (Austin et al., 2006; Battilana & Dorado, 2010; Doherty et al., 2014). Overall, the findings presented in this chapter address the following research questions:

RQ1: What is the nature of SE growth in Bangladesh?

RQ1a: What are the different types of SEs in Bangladesh?

RQ1b: What are the forms of growth adopted by the studied SEs?

Section 6.2 further examines the characteristics of the case study SEs and categorises them into six main types, and section 6.3 discusses the different forms of growth that SEs undertake to advance their social and economic goals. Finally, section 6.4 summarises the findings presented in the chapter.

6.2 Overview of operational types of studied cases

The analysis of data revealed six operational types of SEs in Bangladesh. As set out in Chapter 1, the studied SEs are analysed based on the five dimensions specified in the working definition of SE adopted by the study: social mission, economic project, governance structure, institutional setting and income source. The analysis of the studied cases using these five dimensions led to identification of six categories of SEs in Bangladesh: i) fully donor dependent organisations, ii) NGOs with some elements of trading, iii) NGOs with full reliance on trading,

iv) social business, v) private and public limited companies, and vi) NGOs with a conventional subsidiary enterprise and vi) cooperatives (but not included in the study).

6.2.1 Fully grant dependent NGOs

These SEs are conventional NGOs and are registered with NGOAB under the NGO Act of Bangladesh. They are fully dependent on external donor bodies, such as charities and other philanthropic donors for their income. These enterprises follow the dominant approach adapted by most of the older and established NGOs of Bangladesh and their survival depends heavily on external donations. They are mostly focused on delivering a national level policy agenda that is strongly attuned to the current government's Vision 2021 developmental agenda. Their governance structure generally involves a board of trustees and separate management body, but with beneficiaries tending not to be involved in boards or in decision making. Their institutional setting includes both public institutions and donor bodies. Their governance structure is less participatory in nature compared to the new generation SEs. Bangladesh Protibondhi Foundation (BPF) is the case that best exemplifies this category.

6.2.2 NGOs with a trading element

While SEs belonging to this category are registered as NGOs under the NGO Act of Bangladesh with NGOAB, they also have a significant trading element along with donations. The trading element acts as an additional source of income for such SEs along with donations on which they remain heavily reliant. They operate and function like conventional NGOs, in terms of being registered with and fulfilling the requirements of NGOAB. As a consequence, their institutional setting involves public institutions, donor bodies, and private corporations as partners and/or customers. Their governance structure is similar to conventional NGOs, with little in the way of beneficiary participation in decision making. Thus, the board does not involve the beneficiaries; and also there is no formal mechanism through which beneficiaries can communicate their problems with the governing body. Phulki and Quasem Foundation are the cases that best fit into this category.

6.2.3 NGOs with full reliance on trading

The third type of SE consist of conventional NGOs who are largely dependent on trading income for their survival. Such organisations are registered as NGOs with NGOAB, although they are not at all reliant on funding in the form of donations or grants from various bodies. Association for Social Advancement (ASA) is the SE that fit into this category. They are connected with public institutions in terms of their regulatory compliance, monitoring/auditing and with respect to non-financial forms of support, but do not receive any subsidies or grants from government. ASA is registered under NGOAB and the Central Bank of Bangladesh and is also federated to the Association of Micro Finance Institution in Bangladesh (AMFI). ASA's board is composed of two groups: a governing body and a general body. Although governing body does not involve beneficiaries, the general body does include them and seeks to represent their views. The general body does not hold the decision making right, although the respective members can participate in discussing issues in board meetings. Therefore, the governance structure of ASA is moderately participatory in nature compared to most other NGOs in Bangladesh.

6.2.4 Social business

These are the new generation of SEs that have emerged since 2000 and particularly influenced by the principle of Professor Yunus' social business model. Panther SE is the case fitting this category. They are registered as a Private Limited Company under the Ministry of Commerce, are financially self-reliant in that they earn their revenue from sales. However, unlike conventional for-profit firms, they have a social goal which they seek to achieve through their trading activities. Their social mission is to assist and mobilise the targeted disadvantaged group who are often not covered by conventional NGOs. The main reason for being registered as a private company is the absence of a proper regulatory body to recognise or to certify their existence at the moment in Bangladesh. Although their governing body does not involve beneficiaries, they invite representatives of beneficiaries to board meetings for dialogue. Therefore, their governance structure is of a moderately participatory nature. As per their memorandum of association, the investors in the enterprise are not allowed to take out any profit from the business, although they can take out their initial investment eventually. The

organisation depends on the public institutions in terms of their regulatory compliance, monitoring and auditing. They also are embedded in the market as they sell their products to corporate and non-corporate customers.

6.2.5 Private and public limited corporations

Enterprises under this classification are registered as a private or public limited company under the company and trading act of Bangladesh, although their prime objective is to achieve their social mission. The two such cases studied here are MIDAS Financing Ltd- a Public limited company and Hathay Bunano which is a Private limited company. Both enterprises started as NGOs, eventually greater degree of independence from donations and grants through trading. MIDAS is registered on the Dhaka Stock Exchange. Currently they do not depend on any sorts of donations/charity. These SEs perform and function as conventional trading firms. Therefore, their institutional setting involves a combination of public and market related institutions, being dependent on public institutions for the regulatory issues, while they are also embedded in market as they sell their products/services to their target customers, with MIDAS particularly receiving capital from the stock market. The governing body of both the SEs does not involve beneficiaries; however, they allow participation of beneficiaries in their regular board meetings and also annual meeting. The beneficiaries are invited to present their issues and concerns, although they lack the right to participate in decision making. As a consequence, their governance structure is also characterised by moderate level of participation.

6.2.6 NGOs with a (conventional) subsidiary enterprise

The final form of enterprises represents established/registered NGOs operating in Bangladesh which unlike their parent enterprise, generate income through trading. Some are also involved in joint investment from external bodies. The cases falling under this classification are: BRAC Aarong Dairy, Grameen Intel Social Business Ltd, Grameen Telecom Trust and Grameen Calendonian College of Nursing. They are the sister projects of large NGOs, although they are registered as different business operations with their respective regulatory bodies (education, IT and agro-based business regulatory body). They are often initiated by their parent NGOs to

complement the support and resource needs of other sister concern projects. These NGOs were found to be involving beneficiaries in the governing board (as board members). As board members beneficiaries also hold the right to contribute to decision making (e.g. Proposals, voting rights) and thus have a relatively high degree of autonomy. Therefore, their governance structure was found to be of a high participatory nature.

6.2.7 Cooperatives

Although not included in the sample of cases studied here, the analysis of secondary sources indicated that the Bangladeshi social sector also includes some cooperatives. Milk Vita Dairy and Palli Bidyut Samity are two examples of cooperatives in Bangladesh. Palli Bidyut works for rural electrification and works with the Rural Electrification Board of Bangladesh (a government institution for rural electrification), donor bodies, consultant partners and member consumers. Milk Vita Dairy is also a cooperative of small dairy farmers in rural areas. The organisation collects milk at fair price from dairy farmers and then performs the packaging and marketing of the milk. Both the organisations were first established by government and also include target disadvantage groups as members. As a consequence, Government plays a major role in their decision making, although management is mostly performed by the members. This study excludes these cooperative since, due to the high level of involvement of the government, permission for access could not be arranged with these SEs.

Table 6. 1: Overview of the selected cases

Type	Enterprise	Origin	Social Mission	Economic Project			Governance Structure	Institutional settings	Income Source
				Service Delivery	Microcredit/Loan	Social Mobilization			
Fully grant dependent NGOs	Bangladesh Protibondhi Foundation (BPF)	1984	Advocate equal rights for children and adults with disabilities	Health care and rehabilitation support for disabled children and families			NGO under NGOAB Family-owned NGO Board of Trustees Beneficiaries not involved in board and decision making Administrative unit led by Executive Director & CEO.	Public institutions: NGOAB Ministry of Social Welfare Foreign and local donor bodies	Donations (95%) from private corporations, NGOs and government; service fee (4%); trading of handicrafts made by disabled children (1%).
NGOs with a trading element	Quasem Foundation-Mariam Eye Hospital	1994	Support less affluent people of the rural north with affordable eye care treatment	Provide health care services			NGO under NGOAB Family-owned NGO Board of Directors Beneficiaries not involved in board and decision making Functional team headed by Managing Director	Public institutions: NGOAB Ministry of Social Welfare Foreign and local donor bodies Partners	Donations from private corporations, NGOs and government (85%); service fee from patients (15%).
	Phulki	1991	Support socio-economic conditions development of disadvantaged people by promoting women and child rights			Providing work based and non-work based child care facilities for poor working mothers	NGO under NGOAB Board of Directors Beneficiaries not involved in governing body but in general body Management team headed by Executive Director	Public institutions: NGOAB; Ministry of Social Welfare Foreign and local donors Garment manufacture BGMEA	Service fees from factory-based and in-house centres; consultancy of management of day care; donations
NGOs with full reliance on trading	Association for Social Advancement (ASA)	1978	Address poverty of rural people through microfinance		Primary and special loans		NGO MFI under NGOAB Board of Directors Beneficiaries not involved in board but their advice is sought informally Administrative Body	Public institutions: NGOAB Association of Micro-Financing Institutions	Service charges (91%); bank interest (4%); membership fees (0.5%); other sources (4%) such as selling of publications and used newspapers, earning through consultancy services
Social business	Panther Social	2011	Provide sustainable income generating opportunities for under privileged rickshaw pullers			Provide start-up capital to rickshaw pullers for small trade through branding rickshaws Market rickshaw arts made by small local artists	SE under NGOAB Board of Directors. Beneficiaries not involved in board but their advice is sought informally Management team headed by Managing Director	Public institutions: Ministry of Commerce, Ministry of Social Welfare Yunus Centre Market: Private corporations, foreign customers	Sale of rickshaw branding service to corporate clients (65%); sale of rickshaw art (30%); membership fees (5%)
Private and public limited company	MIDAS financing Ltd	1995	Provide value-added financial services to small and medium sized enterprises		Medium term loans Short term loans Housing loans Auto loans		Public Limited Company under the Company Act 1994 Board of Directors Beneficiaries are represented in the board and have decision making right Listed on Dhaka stock exchange Management team headed by the Managing Director	Public institutions: Bangladesh Bank, Ministry of Commerce, Dhaka Stock Exchange Market: other financing institutes	Interest on loans and lease finance (89%); interest on placement with other banks (7%); investment in shares (0.5%); other operating income sources (3.5%), such as, rental income of MIDAS centre, sale of application forms and sale of fixed assets

	Hathay Bunano-Pebble	2004	Empower women of rural villages by creating sustainable employment opportunities and eradicating poverty			Market hand manufactured quality toys made by rural women	100% export oriented company under the Company Act Family owned SE Board of Directors Operational team headed by CEO	Public institutions: Ministry of Commerce, Ministry of Social Welfare, Customs Market: overseas retailers	Trading of toys to conventional retailers and wholesalers in US, European and Australian markets (100%)
NGOs with a subsidiary enterprise	BRAC Aarong Dairy	1998	Provide milk farmers access to fair price operated market and support sustainable income generation			Buying and marketing milk from remote milk producers	SE under The Company Act Board of Governors Executive Management Committee	Public institutions: Ministry of Commerce, Ministry of Social Welfare Yunus Centre Partners: Private corporations Market: local customers	Sales of Dairy products
	Grameen Intel Social Business Ltd	2009	Solve social problems using affordable information technology services			Providing affordable IT solutions to improve agricultural productivity using cost effective computer software	SE under the Company and ICT Act Board of Directors Management team headed by CEO	Public institutions: Ministry of Commerce, Ministry of Social Welfare Yunus Centre Partners: Private corporations Market: local and overseas customers	Sales of software
	Grameen Telecom Trust	2010	Provide technical and financial assistance to facilitate socioeconomic activities through social business			Sales & distribution of low cost technology products through rural women Manufacture & export impregnated mosquitos to Africa. Market treated water at subsidized rate to arsenic affected areas Market nutritious yogurt at subsidized rate using rural women as sales force	Trust under the Trust Act 1882 Board of Directors Management team led by Managing Director	Public institutions: Ministry of Commerce, Ministry of Social Welfare Yunus Centre Partners: Private corporations Market: local and overseas customers	Sales/export earnings from the distribution of the goods
	Grameen Caledonian College of Nursing	2010	Develop nursing and midwifery standards through the creation of employment opportunities for potential nurses coming from poor families	Education services			Educational institute under UGC Board of Governors Academic & Administrative Committee	Public institutions: Ministry of Commerce, Ministry of Social Welfare Yunus Centre Partners: Private corporations Market: local students	Tuition fees charged to students

Table 6.2: Operational types of SEs

Dimensions (EMES Network 2013; Lyon and Sepulveda 2009)	NGOs with fully grant dependency	NGOs with some trading element	NGOs with full reliance on trading	Social business	Private and public ltd. companies	NGOs with conventional subsidiary enterprise
Economic Project						
Continuous production	None	Limited degree	High degree	High degree	High degree	High degree
Paid work	Mostly paid employees	Mostly paid employees	Mostly paid employees	Mostly paid employees	Mostly paid employees	Mostly paid employees
Economic risk	Generating continuous donation	Generating service fees and donations	Generating service fees/trading revenue	Generating service fees/trading revenue	Generating service fees/trading revenue	Generating service fees/trading revenue
Social mission						
Explicit social aim	Service delivery	Service delivery	Micro-credit/Social mobilisation	Social mobilisation	Micro-credit/Social mobilisation	Micro-credit/Social mobilisation
Profit distribution	None	None	None	None	Yes; to shareholders	None
Initiator	Founder	Founder	Founder	Founder	Founder	Sister concern of NGOs
Governance structure						
Degree of autonomy from beneficiaries (i.e. target disadvantaged group)	Low	Low	Moderate	Limited	Limited	High
Participative nature	Low	Low	Moderate	Moderate	Moderate	High
Decision making power of beneficiaries (i.e. target disadvantaged group)	Low	Low	Moderate	Moderate	Moderate	High
Institutional setting						
Accreditation	NGOAB	NGOAB	Central Bank; NGOAB	Dhaka City Corporation	Central Bank; Dhaka City Corporation	Dhaka City Corporation
Federative bodies	Association of Developmental Agencies in Bangladesh (ADAB)	Association of Developmental Agencies in Bangladesh (ADAB)	Association of Micro-Financing Institutions of Bangladesh (AMFI)	Yunus Centre	Exporters' Association; Non Banking Financing Institutions Association	Yunus Centre; Association of Agro-based Traders
Public support	Subsidies/grants from government	Subsidies/grants from government	None	None	None	None
Market-based exchanges	None	Limited	High	High	High	High
Donor support	Heavy reliance	Moderate reliance	None	None	None	None
Income source	Mostly donation	Donation and service fees	Service fees/trading revenue	Service fees/trading revenue	Service fees/trading revenue	Service fees/trading revenue

In sum, the analysis of the operational models has revealed that two dimensions in the EMES definition of SE have shown different characteristics through their application in the context of Bangladeshi hybrid SEs. First, three specific types of economic projects were apparent among the studied cases: service delivery, micro-finance/loan and social mobilisation. The EMES definition does not look into the specific types of economic activities that SEs may accomplish and thus offers a more general explanation of the ‘economic project’ dimension. This study, therefore, identifies three sub-categories under this dimension that were observed in the studied cases.

Second, this study has looked beyond the ‘participatory governance structure’ that is originally considered as one of the key characteristics of SE by the EMES Network (2013). This study has found in case of four operational models (except, NGOs with a conventional subsidiary enterprise) beneficiaries (i.e. Target disadvantaged group) are not represented in the board and are separated from the governance related activities. Although some SEs (e.g. Panther Social and ASA) invite representatives of beneficiaries to seek advice from them and to have a dialogue during regular and annual board meeting, they do not allow beneficiaries with a right to decision making. Therefore, looking beyond the participatory governance structure, the thesis has found SEs boards that are composed of founders, their family members and external expert advisors.

Third, the EMES approach does not include the SEs that are registered as private sector firms. The EMES ideal-type of SEs have shares of market resources, public grants and voluntary resources. The ideal-type SEs may adhere to market-based principles which drive them to trade goods or services through price setting. The market resources may come from private customers. (The EMES Network 2013: 17-20). However, the data analysis suggest that a number of studied SEs are registered under the Private Company Act of Bangladesh, although they have an explicit social aim. For instance, the SEs categorised as social businesses (e.g. Panther Social) and private and public limited company (e.g. Hathay Bunano and MIDAS) are private sector organisation as per their registration status, although they have an explicit social goal. Thus, this study advance the EMES approach by including the SEs that are registered as private sector firms.

Therefore, the current study has advanced the definition of ideal-type SEs proposed by the EMES Network by looking beyond the participatory governance process, by identifying three

sub-forms of economic projects and also by including the SEs that are registered as private sector firms.

6.3 Forms of growth of SEs: Managing the dual-value system

As discussed in Chapters 2 and 3, SEs have a dual bottom line i.e. having both social and economic goals (Austin et al., 2006; Battilana & Dorado, 2010; Doherty et al., 2014). The following subsections discuss the means adopted by each of the six categories of SEs to achieve their social and economic goals and their forms of growth.

6.3.1 Fully grant dependent NGOs

Bangladesh Protibondhi Foundation (BPF)

Advancing the social goal

The interview data shows that the founder of BPF aimed to increase the “reach” of their services in the capital city as well as in the remote places of Bangladesh. BPF initially started in a small room in Dhaka city in 1984. Gradually, its first branch served an increasing number of disabled children and after three years a second branch was established in another area of Dhaka city. Currently, BPF has seven branches serving 250 disabled children and employs 80 people. As the Executive Director said,

“Almost every three to five years, we opened a new branch and the number of children served kept on increasing...There are lots of disabled children who are still deprived, especially in rural areas. We think if we are able to offer our services to an increasing number of disabled children both in rural and urban areas, then we are contributing to society”.

The evidence shows that the primary mode of advancing social goals was to serve an increasing number of beneficiaries by enhancing the number of branches.

Pursuing economic goals

In order to pursue their social goal BPF had to generate income. The analysis shows BPF had been largely dependent on donations and subsidies. The Executive director remarked,

“In order to open new branches and inducing new services, we need funds. As a consequence, we have to continuously look for potential donors. We also have to liaise with the government and keep them updated about our activities as we want to seek financial benefits from them.”

According to the Executive Director, BPF received donations from the Commercial Bank of Ceylon, Job Placement Australia, and Save the Children Bangladesh on a regular basis. Apart from these long-term donors it had also received occasional donations and grants from corporations and individual philanthropists. For instance, previous donations were received from Bata Corporation, Pran Foods Ltd. and Unilever Bangladesh. Moreover, the government pays the salary of ten of BPF employees, which is a form of financial support. According to BPF's annual report 2012-13, the share of income sources is: donations from private corporations, NGOs and government (95%); service fee (4%); trading of handicrafts made by disabled children (1%). Therefore, BPF is mainly dependent on donations from donor agencies, corporations and the government for its financial sustainability.

6.3.2 NGOs with trading element

Phulki

Advancing the social goal

The interview with the founder of Phulki revealed that they sought to achieve their social goal by offering an affordable child care service to increasing number of low income generating mothers working in the garment and other industries. Thus, the strategy of the founder has been to grow the number of their independent branches and also the factory funded day care centres. Phulki started a day care centre for the children of working class children in the founder's own garage. Gradually, the organisation entered into agreement with three garment factories and currently works with 40 garment factories in Dhaka city. The Founder of Phulki commented,

“The more garment factories we can include in our project, the more working class mothers we can serve and the more we can contribute to the society.”

The Founder has sought to grow the enterprise by transferring its core knowledge and thus allow other NGOs to replicate the model. Accordingly, the team had trained an organisation in Chittagong (the second city of Bangladesh) who are now also working with many other garment factories in that district. In future, there are plans to increase the number of branches through franchising. The Founder stated,

“We want to increase our reach to all important cities in Bangladesh. If we cannot do it ourselves then we will find mechanisms to get it done by other entities.”

Therefore, the mode adopted by Phulki to advance its social goals has been to mainly expand its reach. As the organisation includes more garment factories in the project, the increased number of branches will thus serve more working mothers.

Pursuing economic goals

The day care centres in garment firms are fully funded by the factories. However, there are few community-based day care centres from which revenue is generated out of the fees charged from mothers. Since 2005 small donated amounts have also been received from the Aga Khan Foundation to run these independent units. The government also contributes a nominal amount of grant every month. According to the organisation's annual report of 2011, the service fees from factory-based centres contributed 80 per cent of the income, in-house centres 15 per cent, consultancy of management of day care 2 per cent, and donations and grants from the government and other organisations 3 per cent. Although there is some reliance on service fees received from independent centres, Phulki mostly depends on other organisations, such as garment firms, donors and the government to attain its economic goals.

Quasem Foundation

Advancing the social goal

The interview data shows that the founder of Quasem Foundation aimed to serve the deprived communities of the Northern parts of Bangladesh by increasing the accessibility of their eye care service. Quasem Foundation first started with a 20-bed hospital in Ulipur, a village in Northern Bangladesh. The hospital now accommodates 350 patients. Beyond this, five additional outdoor treatment centres are operating in Rangpur, Gaibandha, Nageshwari and Lalmonirhat. In 2012, the organisation also introduced the first mobile eye hospital that travels through remote villages of Northern Bangladesh treating 100 patients a week. The Managing Director of the organisation said,

“Now over the last few decades our hospital has grown infrastructure wise. We can now accommodate more patients. Our number of staff has increased; and now we can provide our care and service not only to the people of Ulipur but almost to everyone in the Northern district of Rangpur.”

As the account of the MD shows, therefore, the Quashem Foundation has advanced its social goal by increasing the number of patients and expanding the reach of healthcare services.

Pursuing economic goals

The Managing Director also described how every year the foundation received donations from the government of Japan, Grameen Phone, Akij Trust and BRAC. It also collects a nominal service fee from patients, which is an additional source of income for the organisation. The organisation's annual report shows that income sources and respective shares are made up of donations from private corporations, NGOs and the government (85%), and service fees from patients (15%). The Managing Director commented,

“We cannot increase our service fees because doing so would make our service less accessible to the poor communities. Therefore, we can only be financially sustainable by seeking more and more donations from foreign donors and the government.”

The comment above confirms that the organisation had primarily depended on donor agencies and the government to pursue its economic goals.

6.3.3 NGOs with full reliance on trading

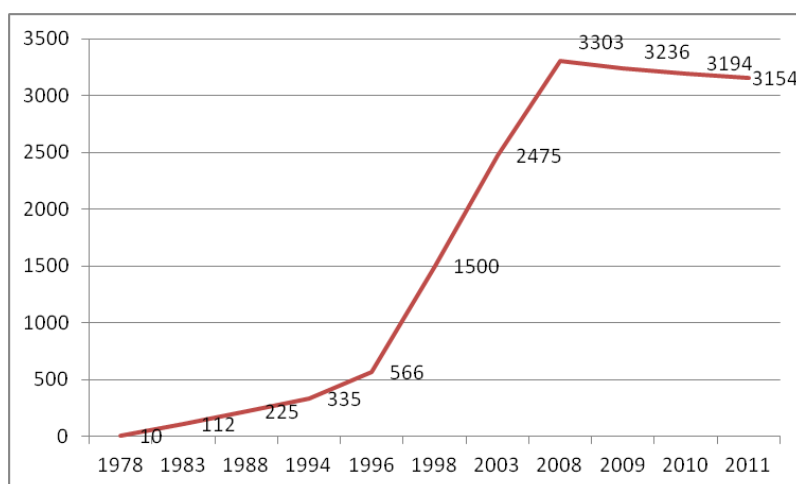
Association for Social Advancement (ASA)

Advancing social goal

The social goal of ASA is focused on increasing the number of branches in Bangladesh, making their micro-credits available to an increasing number of beneficiaries. As well as expanding nationally, they have facilitated the growth of similar organisation in India, Afghanistan and in a number of African countries by allowing replication of their model. ASA started with 10 branches, 2 in Dhaka and the rest in Rangpur division, with 0.002 million clients.

Currently, the organisation has 3,154 branches located across districts in the seven divisions of Bangladesh, employing around 20,000 staff and serving 4.94 million clients. Figure 6.1 illustrates how ASA has growth significantly since 1978 in terms of increasing the number of branches. The average percentage growth is 3.14 with the highest growth rate of 9.74 percent occurring during 1996-1998. Furthermore, the organisation has provided technical assistance to other NGOs and MFIs, with a total of 54 MFIs in 17 countries. The organisation is considering an increase in its reach of such support services as a key strategy to advance social goals.

Figure 6.1: ASA's growth trend: number of branches (1978-2011)



Source: ASA's annual report 2011

Pursuing economic goals

ASA's annual report shows that it had initially received funding from the government and a few donors. The founder of ASA stated that they always wanted to grow autonomously and by 2001, the organisation had achieved financial self-sufficiency. Currently, ASA's sources of income include service charges (91%), bank interest (4%), membership fees (0.5%) and other sources (4%), such as selling publications and used newspapers and earning from consultancy services (ASA, 2011). Furthermore, all loans taken out by the organisation have been repaid and they no longer accept donations.

Figure 6.1 illustrates that ASA's growth was slow from start-up in 1978 to 1994 (3.25% growth rate), yet from 1994 to 1998 it had geared up significantly (11.65% change). From 1994,

ASA adopted a growth strategy to reduce dependence on donations and achieve financial self-sufficiency. The founder commented that they had devoted significant resources to increasing the number of branches and its client base, which had enabled them to see increased revenues in the form of service fees. In order to enhance recovery rate, ASA strengthened its monitoring system by empowering branch offices and field officers in tracking potential defaulters. The founder further remarked, that based on experience, ASA now better understands what should be a realistic loan amount suitable for individual borrowers. With this mechanism, since 1995 ASA's rate of recovery has been above 99 percent. Costs per taka lent were reduced to 0.05 taka in 2011 from 1.2 taka in 2000, and at the end of 2011 the rate of repayment was 99.84 percent (ASA, 2011). The founder of ASA commented,

“We think we can achieve our organisational goals only by achieving financial self-sufficiency, because financial self-sufficiency can not only give certainty for our future but also can enable us to operate as an autonomous organisation.”

The founder's comment shows that ASA sought to achieve financial self-sufficiency to reduce the degree of future uncertainty and also to minimise external interference, such as from government or large donors. As a consequence, it had focused on increasing its client base and increasing its recovery rate.

6.3.4 Social business

Panther SE

Advancing the social goal

Panther Social started a rickshaw branding project in 2012 to create an income solution for rickshaw pullers. Within one year, the savings project was also established for the rickshaw pullers whereby they can save money. Then the rickshaw art project started selling rickshaw art painted by traditional rickshaw artists (i.e. artists who decorate the entire rickshaw with

decorative painting) to national and international customers. The Founder and CEO of Panther Social said,

“We want to target different groups of people who are usually excluded by conventional NGOs. For this reason, we chose rickshaw pullers and then rickshaw artists...As we diversified our projects we were able to cover two different groups of disadvantaged people yet remained within our expertise area, media and art.”

The founder further commented that Panther Social aimed to target different disadvantaged groups in an effort to create social benefits for them by undertaking diversified projects using their expertise in the media and art industry. Therefore, Panther Social had sought to advance its social goal by creating benefits for varying groups of socially excluded people through the introduction of diverse projects.

Pursuing economic goals

According to its founder, Panther Social had chosen to avoid investments from external organisations or individuals, and avoid a reliance on donations and grants. The organisation received investment from its founder during inception and has subsequently relied on its own trading income. Panther Social's income sources include the sale of rickshaw branding to corporate customers (65%), the sale of rickshaw art to overseas customers, art galleries and retail stores (30%), and membership fees (5%) (Panther Social Business, 2011). The CEO of Panther Social said,

“Internally, our main objective is to grow our project in a financially sustainable way. We do not want to take investment or donation from outside sources, as I want to retain my autonomy. Panther Social is my brain child, so I don't want external investors or donors to interfere.”

The interview data shows that Panther Social preferred to retain its autonomy which could be jeopardised by dependence on large external. The founder, therefore, stressed the importance of developing an internal synergistic financial system so that financially successful projects could support the others. The organisation had recently launched a TV show holding SE contests for young people, which generated revenue in the form of sponsorship. In addition, a percentage of the earnings from all these projects, after paying expenses, is given to the rickshaw pullers and artists themselves. Therefore, the evidence shows how Panther Social has sought to advance its economic goals and financial self-sufficiency while avoiding external investment from large investors.

6.3.5 Private and public limited corporations

MIDAS

Advancing the social goal

MIDAS sought to rapidly increase their number of branches and beneficiaries, the Managing Director of MIDAS expressed his commitment to the “*fast expansion of MIDAS*” also observing that while the number of small and medium sized enterprises was increasing in Bangladesh very rapidly, there existed a limited number of public or private institutions to support their growth. MIDAS started with one branch that provided loans to 16 small firms, yet within 18 years it has opened 16 branches and was serving 9,500 small and medium sized firms in 2012 (Midas Financing Ltd, 2012). The growth of this social business appears to have resulted in part, from a close synergy between the social and commercial aims, where social aim is measured on how many enterprises they financed while commercial how many branches they open. This was reiterated by the MD who said,

“If we are adding 5-10 enterprises every month then we think we are growing. We also grow by adding different loan services to meet the demand of our clients...Our

social report informs our investors about our social achievement that is the number of clients served and number of new branches opened.”

Pursuing economic goals

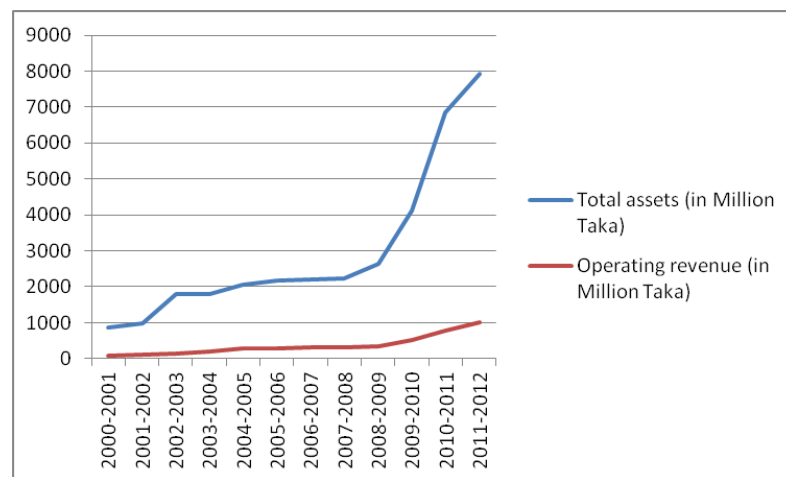
Before 2002 MIDAS received donations. Since 2002, MIDAS wanted to reduce its reliance on donations and grants, so it registered as a publicly listed company. This strategy of becoming a publicly listed company appears to have been a strong contributing factors to the organisation becoming financially stable.

Figure 6.2 shows that MIDAS’s operating revenue and total assets both have gradually increased during 2002-2003 after registering with the Dhaka Stock Exchange. The Managing Director said,

“When we used to rely on donations, we had to constantly search for donors: there was no certainty. When we became a public listed company, the level of financial certainty increased. If we can offer a good dividend then investors are likely to stay with us.”

Since 2002 MIDAS has increasingly focused more on income from service fees in order to become a profitable financial institution. According its annual report of 2012, the primary income source was interest on loans and lease finance (89%). Other income sources include investment in shares (0.5%) and other operating income sources (9.5%), such as rental income, sales of application forms and the sale of fixed assets. By 2007, the organisation had paid off all its previous loans and was able to purchase new assets in 2008-2009 that included the construction of a commercial building and the purchase of land outside Dhaka. The rental income from these assets created an alternative source of income and increased its operating revenue (Figure 6.2). Therefore, the analysis shows that MIDAS sought to grow fast by increasing its operating revenue and thus attracting increased investment from shareholders.

Figure 6.2: Total assets and operating revenue of Midas (2000-2012)



Source: Annual Report 2012-13, MIDAS

Hathay Bunano

Advancing the social goal

The interview with the founder and CEO of Hathay Bunano, revealed how they had sought to create increasing employment for females in the rural areas by expanding the number of production centres and also by opening those in remote villages. Hathay Bunano's annual report shows that it initially started with one production centre employing 20 female workers. Nine years later and the organisation had opened 34 production centres and had 3,400 employees. Sales of their hand-made toys increased in the UK market initially and then eventually expanded to 18 other destinations, including the USA, Australia, Malaysia, Germany, France and Austria. The founder said,

"I personally measure success and growth on how many people I have employed and how many more I can employ in the future...We started with 20 girls in River Bank Island and now we employ 3,500 girls in our 34 rural production centres...In 2010 we were exporting our products to UK, USA and Australia but now we are exporting to almost 19 countries. The more we expand internationally, the more employment we can create."

The comment of the founder supports that Hathay Bunano had sought to advance its social goal by increasing the number of production centres in different remote villages and by creating localised job opportunities for women in rural areas. Besides local expansion, the organisation also aims to grow through increasing the export of its products.

Pursuing economic goals

The strategy of Hathay Bunano has been strongly influenced by the founders' preference to avoid external investment or donations and thus avoid the risk of outside interference. Hathay Bunano generates 100% of its revenue from the export of toys and thus avoids the need to seek donations. She further observed that if investors' visions misalign with her own then there could be a possibility of conflict. She considers that a contrasting view point could damage the novelty of the model, commenting,

“Me and my husband did not want external people to invest in our project as their interference may damage the novelty of our model or they may not understand our priorities”.

The evidence above supports that Hathay Bunano chose to advance its economic goal through financial self-sufficiency and to avoid the risk of external investment or donations undermining the organisation from its own vision and main strategic direction.

6.3.6 NGOs with a (conventional) subsidiary enterprise

BRAC Aarong Dairy

Advancing the social goal

BRAC Aarong Dairy is a diversification project of BRAC Micro-credit division. One of the reasons underlying the emergence of the organisation was to support the income of the

dairy farmers who had taken a loan from BRAC's micro-credit division. The Vice-Chairman commented,

“Overall, BRAC wants to target different disadvantaged groups in Bangladesh. One of BRAC's current social visions is to target the people in remote areas suffering from extreme poverty. BRAC Dairy is part of that vision...we specifically included the borrowers of our micro-finance division to enable them to repay the loan.”

BRAC, the parent organisation of BRAC Dairy, advances its social goal by introducing diversified projects to target different disadvantaged groups in Bangladesh. The Vice-Chairman remarked that BRAC has a number of projects offering social benefits in varying ways, such as empowering women, educating children, and providing healthcare and sanitation facilities in rural areas. BRAC Dairy is one such diversified project established to support the deprived small dairy farmers who are also BRAC's micro-credit borrowers. The analysis shows that diversification is the key mode adopted by BRAC in order to advance its social goal.

Pursuing economic goals

The General Manager of BRAC Dairy said that they had purposefully avoided investment from external sources. The General Manager expressed concern about the risk of external investment leading to outside interference in terms of planning, budgeting and operational issues, as has been experienced in other BRAC projects. Therefore, *“BRAC Dairy considered developing a project model that will be financially self-sufficient”* (General Manager, BRAC Aarong Dairy). The organisation earns its income from the trading of milk produced by farmers and had achieved 22 percent market share in the milk and dairy product market (Bangladesh) in 2012. This project earns the largest amount of revenue of all of BRACs' enterprises. The General Manager of BRAC Aarong Dairy said,

“Financial self-sufficiency retains the independence of a SE and helps to plan for a better future...So we are continually trying to reduce our dependency on donors.”

BRAC Aarong Dairy has therefore, sought to avoid reliance on donations, although its parent organisation BRAC is largely donor dependent social enterprise. The data analysis, therefore, shows that BRAC Aarong Dairy intended to maintain its independence by avoiding donations and external investment.

Grameen Intel Social Business (GISB), Grameen Caledonian College of Nursing (GCCN) and Grameen Telecom Trust (GTT)

Advancing the social goal

Every year, Grameen Intel Social Business (GISB) launches new software to meet the different support needs of farmers. Its initial project was to introduce software for fertiliser selection, but then gradually diversified to seed selection, pest control, harvest management and yield prediction. The Chief Operating Officer (COO) stated,

“The more different types of software we can launch, the more different needs of farmers we can meet...When we are able to offer a range of software to cover all of the current problems faced by farmers, then we think that we have contributed enough”

The COO said that the more constraints they could solve for the farmers, the more they would advance their social goal. In so doing, they were engaged in ongoing research and developments, and also dialogue with farmers to identify problems and needs. The organisation had launched six different types of software over a four-year period (Grameen Intel Social Business, 2012) .

Similarly, Grameen Caledonian College of Nursing (GCCN) was established to support the daughters of borrowers with the Grameen Micro-financing division. The trained nurses were

also employed at the Grameen Eye Care Hospital. The Principal of GCCN said that the projects of the Grameen family were always designed to target the needs of different target groups. She argued,

“Grameen has developed a culture of internal synergy between our different projects. We find this to be a key to create more social impact.”

Grameen Telecom Trust (GTT) has four diversified projects, including fabric and fashion, healthcare, dairy production, and a support institution to facilitate social business learning and an innovation fund. The CEO of GTT commented,

“We grow as we introduce new projects. This enables us to address different problems related to poverty and social exclusion.”

The CEO remarked that each of GTT’s projects were targeted to different disadvantaged groups. For instance, the Grameen Danone Shokti Doi project targeted adults and children who are malnourished, whereas GTT’s hospital projects targeted healthcare needs in remote villages. Diversification is therefore a key strategy by which the social goals of the Grameen family projects are advanced.

Pursuing economic goals

Grameen Intel Social Business (GISB) secured a \$1 million investment from Intel Foundation in the USA in 2007. One of their revenue generating projects with Grameen YukiGuni Maitake Ltd was to produce high quality mung beans and export them to Japan. It was a joint investment project by Grameen Intel Social Business (GISB) and YukiGuni Maitake Ltd. GISB’s prime source of income is through the sale of software and generating revenue from the mung bean project. The COO of Grameen Intel Social Business (GISB) commented,

“The overall culture of Grameen is a partnership and collaboration to increase the social impact on society...so following this philosophy, we select partners to not only support us financially but also in other ways.”

In a similar vein, GCCN received investment from Glasgow Caledonian University and GTT had investment from Danone group, France, for the ‘Shokti’ yogurt project, Green Children Foundation, USA, for the Grameen Green Children Eye Care Hospital project, and from Veolia Water AMI, France, for the Grameen Veolia Water limited project.

The CEO of GTT said that Grameen had investment from external organisations almost in every project. He also remarked that Grameen mostly sought joint investment from foreign corporations/organisations. Being financially involved with investors usually resulted in their increased commitment towards a project and thus the outcome of the collaboration was almost always found to be satisfactory. Therefore, the evidences from these examples show that external investment has been an important element for the advancement of Grameen’s economic goals.

6.4 Summary of key findings

The SEs in the categories of fully donor dependent (e.g., BPF), those with some trading elements (e.g., Quasem Foundation and Phulki), NGOs with full reliance on trading (e.g., ASA), and private and public limited companies (e.g., Hathay Bunano and MIDAS) were all found to advance their social goal by increasing the number of branches, beneficiaries and/or employees. In contrast, SEs in the categories of social business (e.g., Panther Social) and NGOs with a conventional subsidiary enterprises (e.g., BRAC Aarong Dairy, GTT, GCCN and GISB) were found to advance their social goal by targeting different groups of disadvantaged people through new projects.

In line with these findings, two modes of advancing social goals have emerged: *expansion* and *diversification*. SEs adopting *expansion* as a mode of growth focus on enhancing reach by increasing the number of branches, beneficiaries and employees. SEs adopting *diversification* as a mode prefer to increase the number of target beneficiary groups by introducing new businesses or organisational units (Table 6.3).

In terms of pursuing economic goals, SEs in the category of fully donor dependent (e.g., BPF), those with some trading element (e.g., Quasem Foundation and Phulki), public limited companies (e.g., MIDAS), and NGOs with conventional subsidiary enterprises (e.g., GTT, GCCN and GISB) all prefer income and/or investment from the government or other external organisations. These SEs, therefore, prioritised partnerships with other organisations as a relatively easy and pragmatic means to achieve their economic goals. The commitment and support of the partner organisation may also benefit the project with partners' insights and know-how. In contrast, SEs in the category of social business (e.g., Panther Social), NGOs with full reliance on trading (e.g., ASA) and private limited companies (e.g., Hathay Bunano) and BRAC Aarong Dairy from the NGOs with a subsidiary enterprise group, all achieved their economic goals by being relatively autonomous of government and large donors. They intentionally avoid external donations or investment in order to retain independence in decision making and to protect their particular model and vision of change.

In line with these findings, two main modes of pursuing economic goals have emerged: *autonomous growth* and *partnership*. SEs preferring autonomous growth pursue their economic goals independently through financial self-sufficiency achieved by trading in goods or services, and intentionally not pursuing donations and investments from external organisations in order to maintain their relative autonomy. In contrast, SEs that prefer partnerships seek financial support from external organisations in the form of donations or investments. They believe that such a partnership bring in other non-financial benefits, such as sharing know-how and other resources.

Table 6.3: Expansion and diversification profile of studied SEs

SE	Age	Measure of scales	Scale in 1 st year	Current status (at time of research, 2013)
Association for Social Advancement (ASA)	35	Number of branches	10	3,154
		Number of beneficiaries served	2000	4940000
		Number of employees	60	20,226
		Number/Type of business/project	1/Microfinance	1/Microfinance
Grameen Telecom Trust (GTT)	3	Number of branches	1	1
		Number of beneficiaries served	500	6000
		Number of employees	6	18
		Number/Type of business/project	1	5
BRAC Dairy	15	Number of branches	1 processing plant & 30 chilling & collection centres	1 processing plant & 101 chilling & collection centres
		Number of beneficiaries served	15000	40000
		Number of employees	400	1,500
		Number/Type of business/project	1	2
MIDAS	18	Number of branches	1	16
		Number of beneficiaries served	10	9500
		Number of employees	20	200
		Number/Type of business/project	1	1
Hathay Bunano	9	Number of branches	1	34
		Number of employees	20	3800
		Number/Type of business/project	1	1
Grameen Intel Social Business (GISB)	4	Number of branches	1	2
		Number of beneficiaries served	8	989
		Number of employees	8	20
		Number/Type of business/project	1	3
Grameen Caledonian College of Nursing (GCCN)	3	Number of branches	1	1
		Number of beneficiaries served	38	138
		Number of employees	9	37
		Number/Type of business/project	1	2
Phulki	22	Number of branches	1	32
		Number of beneficiaries served	5	400
		Number of employees	3	120
		Number/Type of business/project	1	1
Panther Social	2	Number of branches	1	1
		Number of beneficiaries served	50	80
		Number of employees	3	5
		Number/Type of business/project	1	3
Bangladesh Prothibondhi Foundation (BPF)	29	Number of branches	1	7
		Number of beneficiaries served	8	250
		Number of employees	4	80
		Number/Type of business/project	1	1
Quasem Foundation	58	Number of branches	1	6
		Number of beneficiaries served	50	350
		Number of employees	27	110
		Number/Type of business/project	1	1

Three different types of partnerships have emerged from the data presented above. These are: i) non-commercial (donations/grants), ii) commercial, and iii) joint investment relationships (Table 6.4).

Non-commercial partnership

BPF, Quasem Foundation and Phulki receive donations from the government and a number of international and national organisations on a regular basis. The relationships involved are mainly voluntary and non-commercial. For instance, every year Quasem Foundation receives donations from the government of Japan, Grameen Phone, Akij Trust and BRAC. Similarly, BPF receives a donation from the Commercial Bank of Ceylon, Job Placement Australia, and Save the Children Bangladesh on an ongoing basis. Both SEs have some income generating activities that support a certain percentage of their expenses. Phulki also receives a fixed amount every year from the Aga Khan Foundation, a charity organisation. BPF earns revenue (consisting of 1% income share) from the sale of handicrafts made by disabled children to different local retail outlets and from the sale of poultry products produced in its poultry farms in villages run by the parents of disabled children. Similarly, Quasem Foundation earns revenue from the nominal fees (15% of its total income) it accepts from patients. Therefore, in both cases financial survival primarily depends on an ability to cultivate financial exchange relationships.

A number of non-commercial partnerships were found to provide other forms of support to the SE. For instance, Grameen Intel Social Business (GISB) is in partnership with e-kutir, an IT related SE in India, which involves taking up the responsibility to distribute GISB's software in India. Quasem Foundation was in partnership with Sightsavers, an international eye care charity, involves them sending a team of eye surgeons to treat Quasem Foundation patients every six months. This important support for Quasem Foundation's social mission also yielded financial benefit as it has saves the foundation's operational cost in terms of patient care and support.

Therefore, it can be inferred that this kind of relationship is non-commercial involving the exchange of donation/grants or non-financial support from government and/or other for-profit and non-profit organisations. The relationship is non-commercial, altruistic and non-obligatory. Success in advancing economic goals in these cases has been largely dependent on their ability to cultivate and sustain long-term relationships with the government and other organisations.

Commercial partnership

The case of Phulki best exemplifies this type of partnership, whereby the mode of relationship is primarily commercial, involving financial exchange in the form of service fees and is governed through appropriate commercial contracts. Hence Phulki have an agreement with garment firms to provide day care services in factory premises, with the garment firms fully funding their activities in exchange for their services

Joint investment relationship

GTT, GCCN, GISB and MIDAS had equity investment from external organisations or individuals. For instance, MIDAS had been receiving investment from shareholders since it became a public limited company in 2002, which has been a key mode for pursuing its economic goals. Grameen Intel Social Business has a \$1 million investment from the Intel Foundation. Grameen Caledonian College of Nursing started its nursing institution with the support of investment from Glasgow Caledonian University. GTT's healthcare project has an investment from Green Children Foundation, USA, the water project has a financial and technical partnership with Veolia Water AMI, France, and the 'Shakti Doi' project has investment from Danone Group.

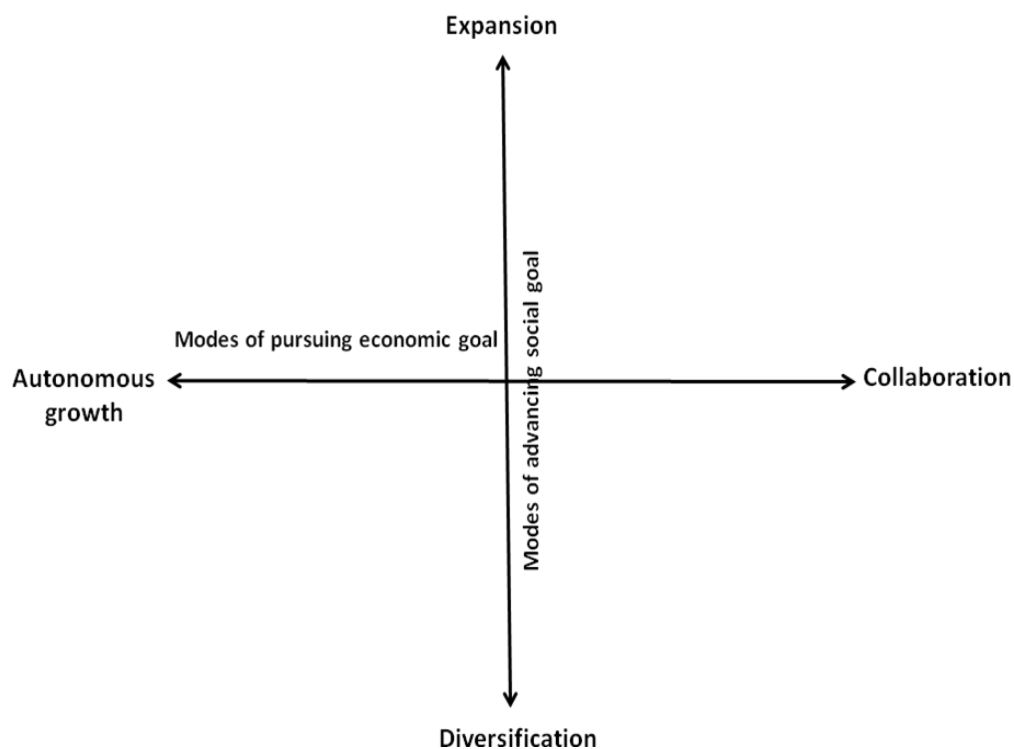
Table 6.4: Forms of partnership adopted by the studied cases

Cases	Form of partnership
Phulki	Commercial: Contracts with garment manufacturers who fund their activities
Quashem Foundation	Non-commercial: Receive donations from other NGOs and funds from government; Sightsavers for eye surgeons
BPF	Non-commercial: Receive donations from other NGOs and a subsidy from government
Grameen Caledonian College of Nursing	Joint investment projects: Joint investment from Glasgow Caledonian University
Grameen Telecom Trust	Joint investment projects: with Danone group, France, for the 'Shokti' yogurt project; with Green Children Foundation, USA, for the Grameen Green Children's Eye Care Hospital project; with Veolia Water AMI, France, for Grameen Veolia Water Limited's project etc.
Grameen Intel Social Business	Joint investment : with Intel Foundation Non-commercial: E-kutir, India for development and distribution of software

The above examples show that investment from external organisations has been a key mode for pursuing economic goals in these four SEs. This form of relationship is generally characterised by a high level of commitment and involvement of the joint venture partners in decision making and resource sharing.

The analysis shows how approaches to supporting and advancing social goals varied across the SE cases, with some emphasising on expansion and other diversification. Six SEs focused on expansions as their main mode of advancing their social goals, while five SEs chose to do so primarily by diversifying into new organisational units targeting different disadvantaged groups. The modes of pursuing their economic goals can also be characterised in terms of whether SEs emphasised relative autonomy from government and other influential actors or grow through engaging in partnership with such influential actors. Autonomous growth was prioritised by four SEs and partnership was preferred by seven of them. These two modes of advancing the social goal and two modes of pursuing economic goals are put into two continuums in Figure 6. 3.

Figure 6. 3: Forms of growth in SEs



6.5 Summary

This chapter has addressed the first research question concerning the nature of growth of SEs in Bangladesh. The analysis identified six operational models based on the analysis of the five factors set out in the working definition of SEs in Chapter 2. Each of these models is characteristic of different types of hybrid SEs, although all exhibit a co-existence of social and economic goals, multiple income sources, involvement of various stakeholder bodies in the governing board, and membership in pluralistic institutions. The second part of the chapter has analysed how the SEs cases managed their dual-value system to achieve both their social and economic mission. This analysis has led to the identification of four forms of growth apparent in the studied SEs.

Chapter 7: Tensions experienced by the SE cases and how they are managed - Findings

7.1 Introduction

This chapter examines the experience of the SE cases in relation to the multiple logics of their operation contexts. It focus on how the SE cases sought to respond to and balance the tensions between different logics. It also illuminates how the SEs had developed and mobilised their resources and capabilities in order to respond to those tensions. The analysis builds on the SE categories identified in Chapter 6 to examine how the nature of the tensions, their experience and management responses varied across the categories of SEs in Bangladesh.

The next section (7.2) - (7.7) presents managerial tensions faced within individual cases. The cases are arranged in terms of the categories of SEs presented in Chapter 6 to analyse whether the tensions and management responses varied across categories. Section 7.8 presents a summary of the findings analysed in this chapter.

7.2 Fully grant dependent NGOs

Bangladesh Protibondhi Foundation (BPF) the one case in this study representing SEs that are fully dependent on donations or grants from donors and the government. The data analysis showed that BPF experienced influences from the state, donors, society and family, which resulted in five different types of tensions in the organisation. The following subsections highlight the tensions experienced by BPF and how they have responded. See also summary in Table 7.1.

Tension: Complying with state regulatory requirements while meeting donors' expectations (BPF)

This tension results from the requirement to comply with the state regulatory requirements while also needing to meet the expectations of donors. The Executive Director of the BPF said that since the early 1990s, when the stories of NGO malpractices started to arise in

the media, NGOAB demanded more accountability. According to the changed requirements, BPF had to undergo routine auditing every six months and also surprise inspection visits from government officials in order to check their accounts and operational activities. Therefore, the organisation had to improve its record-keeping and maintain more detailed accounts to show how the funds from donors were spent. The Executive Director said,

“The situation demanded us to be more professional. Every six months our accounting division undergoes rigorous monitoring by NGOAB appointed auditors. Previously only the large expenses needed to be reported to the NGOAB, while now we have to keep record of every penny we spend from our donations.”

The fund approval process also became cumbersome, with NGOAB asking for a range of documentations from SEs as well as from donors. In this regard, a secretary at the Ministry of Social Welfare commented,

“NGOs have been under greater scrutiny since early 1990s, although the monitoring has become more rigorous recently. We need to clearly know why an NGO gets funds, where the funds from donor are being spent and what impact it has created. Recently, a number of NGOs have used funds from overseas Bangladeshis for terrorist training. Therefore, we now ask for some additional documents from donors, such as an authorisation from their respective public body showing the validity and trustworthiness of the project.”

The above comment indicates how the fund approval process, documentation requirements, and overall scrutiny on NGOs have become more rigorous, with greater documentation and accountability now required from the donors' side. This tightening requirement for compliance with state regulations, has therefore, required BPF to persuade their donors to provide additional documents and supports. The Executive Director remarked that donors were initially reluctant to make the extra effort to submit extra information, and were

critical of the lengthy procedure of fund approval and the potential to delay the start of projects. The Executive Director said,

“When we informed our donors about the changed regulation regarding fund approval, they felt annoyed. We informed them that now we need additional documents from them, such as approval from their public authorities, a report on their expected visions and targets. This increased the complexity on their part in terms of arranging these documents. Our donors’ way of work and interaction are influenced by the Western work culture, which is often less bureaucratic than that of ours. The donors felt a discomfort with the increased need for documentation that may potentially delay the project’s start and operating activities.”

The comment above shows that the donors’ work culture is Western-influenced and more efficient, which created greater difficulty for BPF in their attempt to convince them. Nevertheless, being registered under NGOAB, BPF was pressured to comply with the regulations and thus had no choice but to persuade donors of this need. The Executive Director remarked on the tensions experienced as a result of the challenge it posed to donors preferred way of working and the new monitoring system.

Response to address tension

The regulatory changes required BPF to develop professional skills in bookkeeping and report writing. Skills which the organisation was not previously overly concerned to develop. As a result, BPF had to create a separate accounts division and hire a chartered accountant to lead the accounts team. The organisation also hired an accountancy auditing and consulting firm to train existing employees and to conduct an internal audit of records. They also sought training support from other resourceful NGOs/ developmental organisations such as, UNICEF and Save the Children. The Executive Director further said,

Table 7.1: SEs' managerial tensions and responses - BPF

Tension	Institutional factors	Impact	Response	Strategy
Complying with state regulatory requirements while meeting donors' expectations	State regulations: Strict regulations for NGOs; Increased monitoring and enforcement from government; Enhanced need for documentation Donors' work culture: Donors' work culture is more efficient;	Financial resources: Increased time and documentation needed for fund approval and release Human resources: Employees initially lacked professional skills	Skill development: Trained existing employees on record keeping, report writing, project planning and measuring the social impact Alliance building: Sought training support from Save the Children and UNICEF; Hired external auditor Staffing: Recruited experienced chartered accountant Communicating: Informed donors about new state procedures and SEs obligations towards them Highlighted the positive changes followed by the regulatory compliance	Forced adoption/coercive compliance
Maintaining apolitical image while achieving political legitimacy	Party political sphere: Political resentment between parties Political legitimacy: Legitimacy from local political leaders is important for accessing resources and support	Social capital: Need to maintain positive relations with both political parties	Communicating: Maintain an apolitical image in external and internal communications Formal memo circulation among the employees and parents urging avoidance of any sort of political discussion and bullying based on political inclination Gained cooperation from local leaders by involving them in the project	Adapt
Respecting traditional norms and custom while meeting donors' expectations	Hierarchy and gender roles: Conservatism about female's role in income generation Donors' work culture Donors strictly ask for project designed to empower women	Knowledge resources: Needed to develop learning on traditional customs and ways to align those with projects	Communicating: Employees make home visits to convince disable children's parents and partners about the benefit of the project Convinced donors by sharing experiential knowledge to inform them about the means of working in rural areas Innovation: Adapted the project plan according to social tradition in order to increase legitimacy	Influence and (finally) adapt
Balancing family values and donors' norms	Family embeddedness: Social goal is developed around the challenges faced by family members In-group members influence decision making and operational activities Donors' work culture: Western work culture raises questions about nepotism	Human resources: More autonomy and interference by board members from family The quality of human resources may be sacrificed to employ members of the family	Staffing: Included two external advisers for increased transparency Skill development: Trained employees recruited from family to upgrade skills level Communicating: Convinced donors that family members on the board are qualified for the positions Convinced donors that employees recruited from the family are recruited for increased control and harmony	Adapt

“We had to convince our donors that the regulatory changes were for our good and we needed their support in order to fully comply with these changes. We highlighted to the donors how the new regulations had inspired us to take measures to enhance our professional skills. We had to convince them by saying that our current efforts could be beneficial to them because the newly acquired skills and the increased accountability may also promote greater transparency and efficiency in the overall project management.”

The evidence, shows how BPF was able to persuade the donors to cooperate with the changes needed in order to fully comply with the new regulatory requirement of the government. They also needed to made improvements in term of their own skills needed to comply with a more stringent monitoring system.

The analysis shows that BPF was pressured to comply with the state regulations by improving professionalism and accountability process and how these were presented to NGOAB officers. It was, therefore, a situation of *forced adoption*. A number of resources and capabilities needed to be developed and mobilised by BPF in order to manage the tension arising from state imposed regulatory changes. The analysis reveals that BPF had to adopt the regulatory changes by persuading donors for increased cooperation, by recruiting accounting expertise for systematic record keeping, by building alliance with a consultancy firm for internal auditing and also by developing the professional skills needed for report writing and planning.

Tension: Maintaining an apolitical image while achieving political legitimacy (BPF)

The analysis shows that BPF sought to avoid any direct or indirect involvement in the party political sphere. There were evidence of a severe tension caused by the relationship between the two main political parties in Bangladesh. In this respect, BPF’s Executive Director highlighted that an affiliation with a particular political party could create antagonistic relationships with the opposite party and thus place the organisation in jeopardy when the government changed. Therefore, the organisation has avoided becoming over-involved in party

politics. However, achieving legitimacy with government and rural political leaders was also considered important, as the Executive Director remarked,

“Being an NGO we have a high level of dealings with government. Also, without the support of rural leaders we cannot operate smoothly in our village-based branches. However, we are not interested in supporting a particular political party as this will make us vulnerable to getting into conflict with opposition leaders...we still need to confirm with our national and local political space to get their continual support. We also want to ensure that this support does not end with a change in government.”

The Executive Director was of the view that support from local political leaders was necessary for access to resources and also for the smooth operation of the project. Their approval was seen as necessary to help build awareness and persuade more individuals to use the service. Therefore, although BPF has sought to maintain a politically neutral image, it also faces pressure to achieve legitimacy from local allies representing the ruling political party.

The Executive Director further highlighted that since 1996, the Awami League government had focused on disability issues and has become more supportive towards organisations working to resolve these issues, leading to BPF having increased access to state resources. The government has agreed to pay the salaries of 10 BPF employees since 2000, which has resulted in increased interactions and a stronger exchange relationship between BPF and the government. As a result, while there was a need to maintain a politically neutral image, there was also a necessity to maintain a positive relationship with the government and rural political representatives. Therefore, BPF has had to craft appropriate responses by managing both the issues concurrently, which resulted in a tension for them.

Response to address tension

In order to manage the tensions described above BPF explicitly chose to maintain an apolitical image in its external and internal communications. For instance the researcher was shown an internal memo that directed the employees and the parents of disabled children to

avoid any sort of political discussion and bullying based on individuals political inclination. The Executive Director also remarked about their external communication techniques,

“All our board members, including me avoid the expression of political viewpoints in public and endorsement of any political party. Although our Chairman was one of the founding members of Awami League [the current ruling party], he purposefully avoids participation in any party political activities. However, we accept the invitation to any disability related meetings, seminars and social events organised by any political party.”

The above comment, therefore, reflects that BPF purposefully avoids politically inclined activities or discussions. At the same time, the Executive Director pointed out the importance of legitimacy and support from local political representatives in order to smoothly operate BPF's rural centres. Hence, she remarked that BPF often invites local leaders as a spokespersons for awareness creation. The local representatives are consulted before the start of any new project and are also encouraged to get involved through providing financial and logistic support.

The data analysis, therefore, shows that BPF has achieved legitimacy from all the political parties by maintaining relationships through social interactions and participation, while avoiding showing any politically biased image in public or even internally. They persuaded local political leaders by encouraging them to engagement with and support their rural projects. It is therefore evident that BPF has adapted its response in order to minimise tensions. The organisation has become involved with local political leaders through persuasion, while maintained a neutral image through careful crafting of all its external and internal communications.

Tension: Respecting traditional norms and customs while meeting donors' expectations (BPF)

This tension emerged when BPF was attempting to implement a new project which was being driven by donors but which challenged some of the traditional customs and practices in the

society. BPF introduced a community-based rehabilitation programme (CBRP) in the year 2002 in partnership with Job Placement, a for-profit human resource consultancy firm based in Australia. The aim of CBRP is to rehabilitate disabled children in their own communities and with their families. Under this programme, BPF provides loans (without interest) to the mothers of disabled children in order to purchase cattle and thus generate money from selling milk. The purpose of this initiative is to allow families with a disabled child to generate income to be spent on the child's education, healthcare and food. The funds come from Job Placement, which aims to empower female members in the family in the belief that women are more responsible and caring towards children than men. Therefore, an important condition associated with the donation is that loans are given to the mother instead of the father.

The Executive Director said that many fathers did not appreciate the idea as men traditionally held the responsibility for cattle farming and selling milk, and did not accept that their wives could fulfil such a role. For this reason, many of them prevented their wives from becoming involved in the project. In this respect, one of the mothers involved said,

“My husband was furious when he knew that I would be the principal borrower and not him. When he came to know that BPF does not trust him, his ego was hurt. He prevented me from getting involved as he found BPF's policy to be offensive. He also believed that I am not capable of managing the loan and my inexperience could push the family towards more agony.”

The above comment reflects the high degree of resistance from the husbands regarding the loan condition set by the donors. On the one hand, BPF was obligated to meet the donor's condition yet, on the other hand, the beneficiaries were not ready to accept the policy. The Executive Director said that BPF faced ‘intense pressure’ as ‘Western ideology’ was not well accepted by remote village communities.

Response to address the tension

The Executive Director believed at first that they should make home visits to resolve the issue and persuade the husbands of their obligation to donors in selecting women as the loan recipients. However, this course of action did not yield favourable results so some form of compromise was necessary. Thus BPF decided to sanction the loan in the mother's name so that she remained responsible for repayment but that father be included in the project as a partner and was responsible for the farming activities and milk sales. In this way, mothers were able to keep track of the income and ensure timely repayment, and the fathers did not feel completely excluded.

According to the Executive Director, the donors were sufficiently convinced by the experience and they have been educated to realise that operating in remote villages with strong social norms sometimes necessitated such adaptive compromises. The Executive Director said,

“We had to convince our donors that we cannot work in rural areas without respecting their cultural values because a rural community is highly embedded in their norms. It creates a great amount of stress if someone urges them to change such ways, so we had to adapt”.

The data analysis shows how BPF initially attempted to influence villagers to accept the requirement of the new programme. However, on the basis of their early experience of implementation they were compelled to adapt the programme to fit cultural values. The tension was managed through innovating a newly adapted way of executing the programme and persuading donors.

Tension: Balancing family ethos and donors' expectations (BPF)

BPF is a family owned NGO that has three generations of family members on its board. The organisation was started by Prof. Zaman (a renowned academic of the University of Dhaka and child psychologist) and after her retirement her daughter and now her grandchildren play the

role of directors. The organisation has been unwilling since its inception to accept external people onto the board for fear of loss of autonomy. The Chairman (who is also the eldest daughter of the founder) said,

“My mother never wanted outside people to join our board as she thought BPF is her own brain child and her own creation, and that outsiders will not understand the emotions attached to this organisation. She decided to start this organisation after our brother’s suicide who was disabled. So, my mother always tried to find my brother in every child she served. Thus we all, my mother, me and now my daughter, have the same emotional values attached to the organisation. We want our organisation to hold onto those as it grows.”

The above quote, makes clear the motivation and family values attached to the organisation, and that involvement of external individuals was rejection on grounds of the threat posed to goals associated with the organisation.

Further to this, BPF also engages the founder’s family members in key positions to look after accounting and logistics. The Chairman expressed her view that the involvement of family members in the key positions ensured greater internal harmony and trustworthiness. However, a number of the donor organisations had raised a question about the high involvement of family members on the board and in key managerial positions. In this respect, the Executive Director remarked that these donors had mainly raised the issue of ‘nepotism’ and a ‘lack of transparency’ and questioned the founder’s rigidity in not allowing external individuals onto the board and into other key positions. BPF had to comply with donors’ expectations as it was fully reliant on donations, while they were also committed to their family ethos. Hence, both Executive Director and Chairman said that BPF had experienced tension in responding to donors’ objections while also retaining their family ethos.

Response to address tension

In order to address this issue, BPF appointed two external experts as advisers to the board. The Executive Director said,

“Though the advisers do not have the right to make decisions, their presence in board meetings reflects that we are transparent. This has strengthened the regard that donors hold for us.”

The Executive Director further highlighted that the introduction of the external advisor who were learned and reputable enhanced the efficiency of their decision making. At the same time, allowed BPF to maintain control and autonomy of the family led enterprise. Further to this, BPF convinced the donors that family members on the board are qualified for the position as they have specialised knowledge on disability. They also persuaded the donors to accept that family members were recruited to key positions in order to promote control and harmony in decision making. In this respect, the Executive Director said,

“Having family members in key managerial positions increased the harmony in our organisation. We know that a number of NGOs have failed due to internal conflicts. We retain the harmony in our organisation through involving family members who share same values.”

The evidence, therefore, suggests that in order to address this tension BPF adapted its board composition to satisfy donor expectations and attempted to influence them through persuasion.

7.3 NGOs with a trading element

The NGOs fitting into this category are Phulki and the Quasem Foundation. These two NGOs have trading elements and thus they have interaction with the market and, being registered as NGOs under NGOAB they are also embedded in state and society. The analysis shows how these institutions played key roles in shaping their growth, while also imposed competing logics on both the organisations, resulting in a number of tensions which are discussed below (Table 7.2).

Tension: Balancing social and economic goals (Quasem Foundation)

Quasem Foundation (QF) started their organisation with a mission to provide affordable eye care services to the poor in Northern Bangladesh, which has long been a deprived area. Since 2002, two of their long-term donors stopped providing donations to the organisation. To compensate for the lost financial resources, QF needed to increase its service fees by 5 percent in its eye hospitals. In this respect, the Managing Director stated,

“While poverty is on the rise in Northern Bangladesh, such an increase in service charge may make our services less affordable for villagers. However, we had no other choice as we thought if we had to close one hospital, the social loss would be even more”.

The evidence shows how QF was pressured to increase its service fees due to the loss of donation sources, despite their concern that doing so would make QF’s service less affordable to people in extreme poverty. Hence QF experienced a particular tension with respect to balancing its economic and social goals.

Response to address tension

The Managing Director said that they had to increase the service fee as they had no other choice if they were to financially survive. However, Quasem Foundation also decided to attempt to compensate the lost social benefits by introducing a mobile eye clinic. This new project enabled

the organisation to reach remote rural areas and make its services more accessible to deprived people. Eventually, a new source of revenue generation was identified and a commercial eye hospital was established in the capital city. The profit from this commercial venture was reinvested in other social projects. The Managing Director further relayed how the current government's Vision 2020 programme had also opened a new door of opportunity for Quasem Foundation. The government now asks for increased participation from NGOs, especially in the health care and education sectors and, in line with this the Secretary of the Ministry of Social Welfare commented,

“We seek more and more participation of NGOs in the health and education sectors as these are the key areas of development according to Vision 2020. The government is willing to support, both financially and non-financially, any hardworking NGOs working in these areas”.

The Managing Director said that they had made “*wise utilisation*” of this new vision of government and due to its contribution in the healthcare sector in Northern Bangladesh government funding has been secured. The organisation currently receives a fixed amount donation every year from the government, as well as some initial funding during the introduction of the mobile eye clinic project. The local authority has also helped by building a road leading to the hospital, improving its alternative source of income in order to prevent future financial burdens.

In addition, the foundation has sought non-financial benefits by developing alliances with other developmental organisations and conventional corporations. The Managing Director remarked that the alliances would help to “*reduce pressure on cash flow*”. For instance, a partnership with Sightsavers contributes by sending a team of eye surgeons for free to operate on patients. The Managing Director said,

“Our sources of funding are shrinking; two of our donors have pulled out. We now focus more on non-financial benefits from donors. If they can offer us knowledge or technical support, then I think that has a financial value as well.”

The evidence shows that the non-financial supports received from the alliance partners yielded in indirect financial savings for Quasem Foundation. In addition, the new earning generation initiatives have also helped to compensate for the loss of financial resources due to cuts in funding from donors. Thus QF was able to create a new balance between both social and economic goals by finding alternative sources of income and also by compensating for lost social benefit.

This example illustrates how QF has been able to adapt its social programme in response to changes in its financial situation. At the same time, it has utilised the new opportunity created by the government’s Vision 2020 programme and also introduced new income generating projects. Therefore, QF used their alliance building, earning generation and innovation capability to address this tension.

Table 7.2: SEs' tensions and responses – Quasem Foundation and Phulki

Tension	Institutional factors	Impact	Response	Strategy
QUASEM FOUNDATION				
Balancing social and economic goals	Donors' policy: Reduced funding from donors Consumers' ability: Increasing poverty in Northern parts of Bangladesh State policy: Vision 2020 encourages contributions by NGOs in the healthcare sector	Financial resources: Increased pressure to maintain financial sustainability and generate more revenue	Earning generation: Started a new commercial eye hospital in the capital city to generate revenue to support their rural subsidized projects Alliance building: Partnership with Sightsavers who sent a team of Eye Surgeons (free) to operate patients Innovation: Introduced mobile eye clinic to reach marginally poor and remote areas Relationship building: Building long-term relationships with donors to ensure certainty of continual support	Adapt
Maintaining apolitical image while achieving political legitimacy	Party political sphere: Political resentment between parties Pressure from local leaders on the founder to represent their party in the national election Political legitimacy: Legitimacy from local political leaders is important for accessing resources and support	Social capital: Need to maintain political network with both parties and good relationships with local leaders	Communicating: Maintain an apolitical image in external and internal communication The founder convinced local leaders about his unwillingness to participate in the election and noted his lack of experience in politics Increased interaction with Ministry of Social Welfare and public institutions during meeting by sharing ideas and advice Reflect upon the contributions to Northern villages to achieve legitimacy	Adapt
PHULKI				
Attaining organisational goal while influencing social norms	Requirements/standards imposed by market actors: Rising pressure from foreign buyers to provide childcare facilities to workers Rising pressure from buyers on the government to implement childcare provision in garments State regulations: Amendments in national labour law in 1996 which requires garment factories to provide childcare facilities Since 2000, government emphasises implementation of this law Conservatism in society: Bringing children to work is not a social practice in Bangladeshi's working class community Mistrust towards day care centres Garment owners were initially unwilling to introduce childcare	Financial resource: Financial sustainability becomes troublesome if garment owners do not fund the project and if workers are unwilling to use the service	Earning generation: Sought increased funding support from government to further subsidise service fees since 2000 Asked for a subsidised service charge from working mothers Communicating: Had dialogue with mothers to convince them to use the day care service Convinced existing mothers to spread positive word of mouth Relationship building: Started open door policy that allows mothers to visit and spend a day/hours with Phulki Selected representative mothers to communicate to other mothers and convey their problems/view to Phulki Alliance building: Build partnerships with garment firms by drawing upon the rising emphasis of the state on implementing childcare provision in garments firms Used the reference of existing partnerships to encourage other garment owners Networking and relationship building: Maintain relationships with government officers and keep them updated about Phulki's activities	Proactive adoption and influence
Fulfilling social obligations while protecting knowledge resources	Requirements/standards imposed by market actors: Garment firms increasingly introducing day care centres to comply with buyers' codes Competitive logics: Protecting core know-how	Knowledge resources: Need to transfer know-how to other organisations in order to benefit an increasing number of working women	Replicating: Trained a few other organisations outside Dhaka city and transferred the key know-how of managing such NGOs Earning generation: The replication was conducted as a test; as Phulki plans to franchise its model in return for a franchising fee in order to see a return while also increasing social benefits	Proactive adoption

Tension: Maintaining an apolitical image while achieving political legitimacy (Quasem Foundation)

The Managing Director emphasised the importance attached by QF to maintaining an apolitical image and to prevent being made a victim of change in the government regime. However, he pointed out the need for support and legitimacy from local political leaders, noting that on a number of occasions QF had to utilise its relationships with local leaders to seek permission for activities, logistical support, protection from local influential thugs, and to encourage villagers to use its services. The MD also remarked that, due to the popularity of the founder of Quasem Foundation, both the political parties had requested that he contest the general election as their party nominee. However, he refused these offers as he was unwilling to embrace a particular political party. The founder had previously established that endorsing a particular political party was “*unwise*” and could jeopardise the organisation’s activities if the opposition party formed a new government. Although this issue had always been a challenge, QF has been able to manage the tension by securing benefits from rural political leaders without espousing their party.

Response to address tension

On the one hand, QF’s Managing Director refused any party’s invitation in order to communicate externally that the organisation holds a neutral political image. On the other hand, they maintained continuous interactions with the Ministry of Social Welfare and other public institutions. The MD remarked that they always engaged in meetings held by the Ministry by sharing ideas and advice, and regularly reflected upon contributions to the Northern villages in such meetings. They invited government bureaucrats and local political leaders to visit current projects and the MD believed that these measures had helped the organisation to maintain an apolitical image while also securing political support and legitimacy. The evidence, therefore, shows that QF side-stepped the invitations from political parties, while they adapted to the expectations of government officials and local leaders by maintaining regular communication and building relationships with them.

Tension: Attaining organisational goal while influencing social norms (Phulki)

This tension emerged from an attempt by Phulki to a new opportunity arising from changes to the market and state regulatory environment, which necessitated a transformation in the mentality of society, especially that of the potential beneficiaries (i.e. female garment workers). Since 2000 there has been rising pressure from foreign buyers on Bangladeshi garment manufacturers to provide childcare facilities to workers. International developmental organisations have also increasingly pressurised the government to enforce national laws that require factories to provide child care provision. In 1996, the government amended the National Labour Law, which required garment manufacturers to provide child care facilities to their workers. However, until recently government has tended not attach priority to the proper implementation and enforcement of this provision in the law. With rising pressure from key foreign buyers, international developmental organisations and labour agencies, the government gives greater emphasis to the enforcement of this law, which also created an opportunity for Phulki to grow. The founder reported that from 2002 to 2003, Phulki established partnerships with five garment factories, which doubled its number of branches from four to ten.

In addition, Phulki identified its role to the government by supporting garment factories in their implementation of child care provision as per the national labour law. The organisation started to receive regular funds from the government which strengthened its financial situation even further. New sources of finance enabled Phulki to further subsidise the service charge in its independent day care centres.

The founder remarked that while there was this rising opportunity for economic growth, Phulki's social goals were still at stake as it continued to experience difficulties in persuading garment workers and other mothers (in independent centres) to use its services. Bringing children to work and using day care provision is not common practice in Bangladeshi society. The interviewee – a representative of the mothers' committee – informed me that initially the mothers were doubtful about how Phulki would take care of the children and they needed to be reassured that they would not be abused. The interviewee further remarked that, because of their suspicions the mothers used to spy on Phulki's activities through windows and using other secret methods. In addition, some mothers used to spread negativity about the organisation.

In this respect, the founder commented that being the first of its kind, Phulki has faced considerable scepticism from parents. She said,

“After waiting for ten years, we finally could see the light at the end of the tunnel when garment firms started to contact us. While there was rising opportunity for growth, we were still facing challenges in convincing mothers that it is safe to put their children in the day care centre...we knew if we could not get over this challenge then our NGO would close soon”.

The evidence, therefore, shows although Phulki was able to utilise the changing trend in the garment industry related regulation from government, it had to first address conservatism among the women workers regarding the trustworthiness of their child care services. Therefore, Phulki faced tensions in attending to the rising market opportunity, while also dealing with the suspicion and resistance to change of its targeted beneficiaries.

Response to address tension

The founder pointed out a number of means that they adopted to persuade the mothers of the trustworthiness and value of their child care service. They had dialogue with mothers by responding to queries, educating them about Phulki's activities and getting them involved in the process of encouraging their co-workers to enrol their children. To gain further confidence, they started an open door policy whereby they allowed any mother to visit and spend a day or a couple of hours with Phulki to see how the children were taken care of. This step enabled Phulki to benefit from positive word of mouth messages being spread by the parents who visited the centres. In every branch they selected a representative (usually a mother or the land-lord) who is a local person and presents the views/problems of other mothers and local people, as well as passing on Phulki's responses to the respective body. In this way, Phulki used an in-group member to help legitimise the organisation to other workers. Through its open door policy, the organisation also created a bonding with the mothers which further encouraged spread of a positive word of mouth message about the service.

At the same time, Phulki built its legitimacy and reputation with the government and also the ongoing support of a number of garment firms, using their networking skills to maintain relationships with government officers and keeping them updated about Phulki's activities. The organisation formed initial alliances with a small number of garment firms and then became involved in an increasing number of partnerships based on the references of existing garment owners.

This example illustrates how Phulki was able to utilise a rising opportunity in the garment sector and the possibility of state funding through networking and alliance building skills. They achieved legitimacy from key beneficiaries (i.e. mothers) whom they influenced through persuasion and relationship building.

Tension: Fulfilling social obligation while protecting knowledge resources (Phulki)

With the recent Rana Plaza accident, garment owners have become increasingly involved in partnerships with NGOs to manage their day care centres. The founder of Phulki said,

“NGOs like ours are now growing very fast. As we have operated in this sector for long time, we are often invited for advice and training. As an NGO we feel the social obligation is to train them, but from competitive point of view this is not wise. Training new NGOs means creating competitors who may prevent our opportunity from growing.”

The founder said that being the first of its kind, Phulki holds considerable experiential knowledge of the area and that a number of emerging NGOs were seek to take advantage of their know-how support. It would be consistent with Phulki's social mission for them to share their expertise with other NGOs through training etc, so that they too can offer the child care service to an increasing number of garment workers. However, the founder was also aware of the fact that competitive logic contradicts these actions as transferring know-how means transferring core

knowledge: *“Sharing knowledge will create similar NGOs who will also compete in the garment industry and making partnerships with firms” (Phulki founder)*. The founder, therefore, identified the particular tension faced when attempting to balance social obligations while concurrently protecting their knowledge assets.

Response to address tension

In order to address this tension, Phulki decided to franchise its model as it was replicable and not overly complex. The founder stated,

“Our operations are mainly Dhaka based. So, we decided to train NGOs in Chittagong [the second largest city in Bangladesh]. In doing so, we could avoid creating competitors in Dhaka city. However, with the rising trend of labour code compliance by factories since 2012, the demand for our service started to increase. In such a situation, we wanted to grow economically without forgetting our inclinations towards social goals. We realised that we alone cannot serve 3500 garments factories in Dhaka city. Thus we decided to franchise our model in return of a nominal royalty fee. This strategy created a new source of income for us, while safeguarding our key know-how. Also, we were able to contribute to the society by stimulating the growth of similar NGOs like us.”

The above quote reflects how Phulki’s strategy has enabled them to retain some control over the franchisees while also creating a new source of revenue from the franchising fee. The strategy will also enable rapid expansion of social benefits thus fulfilling the organisation’s social mission. This example, therefore, illustrates how Phulki has been able to respond to a rising opportunity for social and economic growth through replicating their model via franchising.

7.4 NGOs with full reliance on trading

Of the eleven SE cases, ASA is the one that best fits in this category being fully reliant on service fees (Table 7.3). However, the data analysis shows that it has also been heavily influenced by the regulatory and policy institutions of the state. ASA have also had to cultivate and maintain strong relationships with local communities and the beneficiaries of their rural centres. The institutional influences faced by ASA and the tensions arising from these are discussed below.

Tension: Convincing two groups of peer organisations to agree on the same goal (ASA)

The analysis suggests that up until 2006 there was an absence of customised regulations to govern micro-financing institutions in Bangladesh, as well as confusion regarding the appropriate authority (NGOAB or the Finance Ministry) responsible for monitoring such organisations. As a result some opportunistic MFIs were found to be exploiting the loopholes for malpractices. The founder of ASA exemplified how a number of small MFIs were accused by NGOAB of receiving large amounts of donor fund, the majority share of which was exploited by the founders for personal benefits. Some MFIs were also accused of asking high interest charges from the poor, thus putting them into further jeopardy. The founder pointed explained how the confusion as to the responsible authority for monitoring MFIs' activities had further contributed to the spread of such malpractices. Being one of the largest and earliest MFIs, ASA felt the need for a customised law and the establishment of a specific monitoring body to govern the sector. In order for such regulatory change to occur, a combined action from ASA and other MFIs, both small and large, was required.

In this respect, the founder commented that a tension was created when attempting to persuade other MFIs of the need for such major change. The small MFIs resisted the change because of their fear that this would require more professionalism, more reporting and increased transparency from their side. He remarked that a number of MFIs, especially the small ones, were either resource constrained or reluctant to undertake such action. Convincing the small MFIs was therefore a challenge while being able to present a unified case this was also a prerequisite to approaching government for any regulatory change. The founder said,

“After discussing with a number of small MFIs, we [ASA and other similar large MFIs] understood their bottlenecks and the reasons for their resistance. They feared the change as they believed that they would be unable to implement any new regulatory requirements due to their lack of resources. We realised that if we are convince these small MFIs, first we have to agree amongst ourselves to support them with our combined efforts. We cannot welcome any such change that restricts the growth of our peers. Unlike commercial organisations we don’t look at them as our competitors and rule them out of the field.”

The above quote shows that convincing the small MFIs required resourceful MFIs to assist them to comply with any future regulatory changes. As a consequence, ASA together with a few other large organisation had to persuade similar resourceful organisations to support the small ones to implement the changes needed by any future regulatory change. A number of large MFIs refused to do so on the grounds of competitive logics, lack of resource or just lack of willingness. The tension, therefore, revolved around the need to convince the small MFIs of the need for regulatory change while also persuading the large MFIs to support the small ones.

Response to address tension

ASA’s founder networked with other large MFIs to form the Association of Micro-Financing Institutions (AMFI). The association aimed to persuade a considerable number of MFIs of the need for the regulatory change, and to collectively lobby the government for a customised MFI act and specialised monitoring body and also appropriate support to the resource constraint MFIs to help them implement the new regulatory requirements. The association persuaded a group of other MFIs of the benefits of a customised law and the initial members arranged seminars, meetings and conducted research to highlight the problem to other MFIs. When they had successfully persuaded sufficient number of MFIs, they started to collectively lobby the government. This process took three years from forming the association to convincing other MFIs and the government to develop the Micro-Financing Act and MFI regulatory body.

Following the introduction of the regulatory change, the association provided a range of support measures to the small MFIs to assist them in implementing the new requirements as well as other advice.

The analysis, therefore, shows how ASA was able to influence other MFIs and the government at a collective level through the creation of a new MFI association. The tension was addressed mainly by collectively persuading and communicating with other MFIs and then lobbying the government.

Tension: Balancing social and economic goals (ASA)

Working in parallel with the government to reduce poverty has been the primary trigger behind ASA's inception and is also the main mission for continued growth. The founder described how ASA's innovative model had enabled them to secure a significant loan during the start-up phase from the Palli Kormo Sahayak Foundation (PKSF) (a public institution established to finance micro-finance institutions). Also important during ASA's early years, were donations from the Bangladeshi government. The founder pointed out that with a downturn in government funding since 1999, ASA had continually devoted its efforts to becoming more financially sustainable. The founder said that although there were times when they had felt the need to increase service fees from loan beneficiaries to enhance their financial return, they had chosen not to due to the increased difficulty, this should cause for level for the borrowers who were already burdened with the loan amount. The founder pointed out that the situation was "*extremely problematic*" for ASA, highlighting the tension around balancing economic goals while not burdening the poor beneficiaries with increased service fees.

Response to address tensions

The founder explained how instead of burdening borrowers ASA had introduced techniques to increase the repayment rate within a stipulated timeframe. For instance, ASA's operational model, developed from 20 years of industry experience, included mechanisms for careful evaluation of the motivation and the ability of borrowers on which the loan amount is

decided. Before sanctioning any loan amount, a loan officer would perform a home visit and evaluate each client based on their assets, idea and previous experience in business, and then decide on the loan amount. The organisation trained loan officers to collect information from home visits and apply the mechanism in their decision process. All branches were empowered to customise an approach that was sensitive to the context of the respective area. According to the organisation's annual report, this model had reduced the default rate from 5 percent to 0.02 percent within a five-year period. The founder claimed that within two years of the start of their loan model they had successfully achieved one of the highest repayment rates in the sector. He argued that their loan model was *“innovative and suited to the conditions and needs of the borrowers”*. One of the beneficiaries of ASA said,

“I had a fear about micro-credit. I took a loan from another organisation, which I could not repay on time. As a result, the organisation took away my cow, which was my main source of earning...I trust ASA as they constantly monitor how am I doing in my business and support me in times of need. For instance, last year one of my suppliers supplied damaged goods. The supplier was influential and I could not get my money back. ASA helped me to get my money back. So, I know they not only care about their money but also about my business success”.

The comment of the beneficiary shows that ASA not only provides loans to individuals but also supports them through various means in order to make their ventures successful, resulting in on time repayments of loans. According to the founder, since the introduction of this method in 2000 the financial sustainability of the organisation has significantly increased.

Further to this, ASA has created an alternative source of earning generation from the training and consultations provided to other MFIs through consultancy fees. The founder said that within the context of rapid growth in the micro-credit sector, ASA's innovative model has been appreciated by many emerging MFIs, with many requesting ASA's support in terms of know-how and advice. ASA facilitated the replication of their loan model by training a number of national and international MFI institutions, which has also allowed them to contribute further towards their mission to create social benefits.

The founder further remarked that ASA has been successful in cutting costs by means of decentralisation and the empowerment of employees. As a decentralized institution, each branch acts as its own cost and profit centre, which encourages the efficient use of resources. Each branch prepares its own annual work plan with fiscal targets and cash flow projections. After the money comes in from daily collections (i.e. savings, insurance premiums and loan instalments; at approximately noon each day), the branch calculates how much it needs for daily accounts or expenditures and then deposits the rest in the bank. When a branch needs more money, if collection is not enough, it draws money from its bank account. If the branch is unable to cover all of its payments from its own receipts then it can request money from the headquarters or from other branches in the district, depending on which has the most surplus. Thus, each branch competes to increase its own economic efficiency which then contributes to the overall financial sustainability of the organisation.

According to the founder a further cost cutting was achieved through delegating additional responsibilities to employees. For instance, ASA's branch offices do not have accountants or cashiers. Loan Officers (LO) are responsible for maintaining daily accounts and rotate to perform the role of cashier, with branch accounting and transactional accounts being maintained by the branch manager. The founder remarked that although ASA has to pay employees extra for undertaking additional responsibilities, the strategy still costs them less than hiring an additional employee for the task.

The evidence shows how ASA has adapted its loan policy and organisational structure to balance its social and economic goals. ASA had also created an alternative source of income for greater economic efficiency, while contributing to their social goal by promoting the replication of their model. Therefore, these capabilities have been important in underpinning their growth towards financial independence from large donors.

Table 7.3: SEs' tensions and responses - ASA

Tension	Institutional factors	Impact	Response	Strategy
Convincing two groups of peer organisations to agree to same goal	Customised regulation: Absence of customised regulations to govern MFIs Confusion regarding the authority responsible for monitoring MFIs Peer organisation behaviour: Small MFIs are resistant to change Large MFIs are reluctant to support the small ones to implement regulatory changes	Professional Skills: Absence of a customised law results in a lack of transparency, accountability and professionalism	Networking: ASA, along with other influential MFIs, formed an association (AMFI) to network with other MFIs Lobbying: AMFI lobbied the government for the introduction of a new customised MFI Act Communicating: ASA and AMFI held joint seminars, meetings and research projects to communicate to peer MFIs the benefits of legal change Persuaded large MFIs to support small ones to develop skills needed Skills development: Developed appropriate skills to integrate with new regulatory requirements through external links	Influence
Balancing social and economic goals	State funding and support: Reduced funding support from government Donors' policy: Reduced funding support from donors Consumer ability: Poor borrowers cannot repay loans on time	Financial resources: Financial self-sufficiency needs to be achieved through increased reliance on service fees	Innovation: Introduced techniques to achieve better repayment rate without burdening borrowers Empowered field employees to decide on various aspects of a loan Decentralised branches to customise strategies according to the requirements of the community to avoid unnecessary burdens on beneficiaries Earning generation: Training and consultation of other MFIs in return of consultations fee Replication: Promoted the replication of their model	Adapt

7.5 Social business

Panther Social was originally built on the social business concept promoted by Yunus, although it is registered as a private limited company (Table 7.4) and thus is embedded in the private sector. The organisation is financially self-reliant and has a revenue model that is close to that of a conventional enterprise. The organisation is enacted in market as it sells its products to corporate clients and individual customers. Panther Social has close interaction with the rickshaw puller and rickshaw artist communities as the organisation's operational model is designed to serve their ability. The organisation is thus embeddedness in pluralistic institutional domains, resulting in a number of tensions which are discussed below.

Tension: Maintaining an independent status while avoiding conflict with government (Panther Social)

The analysis shows a number of challenges originating from the state regulatory and policy environment in relation to social businesses. For instance, the founder and CEO of Panther Social explained that there was a lack of “*customised regulation*” that is attuned to the needs of social businesses in Bangladesh. Confusions was evident among the public officers in relation to taxation requirements, operational models and the support needs of social businesses, with the former Deputy Secretary of the Ministry of Social Welfare commenting,

“Whether you call it social business or SE, the concept is not yet clear for people like us. We are very much familiar with NGOs and so we are well-equipped and knowledgeable to support the NGO sector. At the moment, there is no law that differentiates NGOs from social businesses. If there were a customised regulation, only then would we be able to offer them [social businesses] ready-made support.”

The above comment suggests that public officers often have a limited understanding of social business, and that the absence of customised regulations could be one of the reasons underpinning this ambiguity. The evidence from data further shows that there is limited public support available to social businesses compared to their NGO counterparts. In this respect, the Executive Director of the Yunus Centre, a support organisation for social businesses, commented,

“Unfortunately, there is no separate law for social businesses. As a result, NGOAB officers treat social businesses as NGOs...tensions started when the social business concept emerged in Bangladesh and NGOAB was not equipped to support their needs. At present, we are the only support institution providing training, information, advice and other non-financial assistance to the social businesses”.

This comment by the Executive Director of the Yunus Centre supports that the absence of a customised law is a key tension between public institutions and social businesses. The CEO of Panther Social explained that when they first applied to NGOAB for registration as a social business, the limited understanding of social businesses by NGOAB officers created confusion and delayed the process. The founder/CEO of Panther Social said,

“After two months with our application they [NGOAB] asked for documents showing our funding arrangement and list of potential donors. This means they had no idea about what we were trying to do. We told them that we do not have donors and that we will be financially self-reliant. Then they became confused as to whether we should be exempted from tax or not. They then sent our proposal for approval from the Finance Ministry. After about six months of waiting, I became impatient and withdrew the application from NGOAB and resubmitted to get it registered as a private firm”.

The interview evidence further confirmed the impact of the confluctual relationship between the government and Yunus and other social businesses. The founder of Panther Social said that being registered as a social business could jeopardise the organisation’s political image, making it more prone to scrutiny from government and challenges with respect to accessing public sector support. The stance of government was described as “*prejudiced*” and “*unsympathetic*” by the founder. He said that even before starting the venture they experienced difficulties in finding the most appropriate legal form. The founder emphasised the importance of maintaining an apolitical image and that registering as a social business could negatively influence this due the ongoing tension between Yunus and the government. Given these issues, Panther Social withdrew their application to NGOAB and registered under the Private Company Act, which ensured easier access to conventional finance, but also avoided the extensive scrutiny of NGOAB.

Nevertheless, Panther Social were required to pay taxes as a private/commercial enterprise and were prevented from seeking donations or grants. The founder further stated that registering as a private limited company had created confusion among their employees about the

actual identity of the organisation, which was also one of the causes of ongoing dissatisfaction amongst them. For instance, being registered as a private company, meant that employees had to pay income tax at a rate applicable to a conventional for-profit firm, whereas those working in NGOs pay income tax at a subsidised rate. Therefore, while Panther Social wanted to achieve an independent status without involving into any conflict with the government by registering as a private firm, the organisation faced a number of managerial tensions due to regulatory context.

Response to address tensions

Initially, when NGOAB delayed the organisation's registration the founder used his political connections to expedite the process, further explaining to NGOAB their operations and business model. Finally, when all attempts failed they withdrew the application from the NGOAB and registered as a private company.

To avoid confusion regarding multiple identities different communications strategies were designed for various stakeholders. For instance, in internal memorandums they are stated to be a social business, thus reflecting to the board and to employees that their primary goal is to achieve the set social mission. All the employees were provided with mandatory three day training after recruitment to aid a better understanding about the nature of social business. The founder explained that they had to revise their pay scale twice in last two years in order to address the ongoing dissatisfaction among employees regarding the income tax issue. The annual report reveals that in current date they paid a higher salary than average NGOs.

The organisation presents the image as a private firm in their external communication. For example, they are a member of Federation of Bangladesh Chamber of Commerce and Industries (FBCCI), a trade organization that plays pivotal role in a consultative and advisory capacity, safeguarding the interest of the private sector. Representatives from Panther Social attend the meeting and events organised by the association, also participating in the annual fair organised by FBCCI every year since 2012 in order to promote their organisation to the customers and investors.

Table 7.4: SEs' tensions and responses– Panther Social

Tension	Institutional factors	Impact	Response	Strategy
Maintaining an independent status while avoiding conflict with government	Customised regulation: Absence of customised regulation for social business Level of understanding of social business by regulator (NGOAB) Party political sphere: Tension between Yunus & the government	Financial resources: Registration under the Private Company Act requires them to pay tax as a private/commercial enterprise & prevents them seeking donations & grants. Human resources: Confusion among employees about the identity of the organisation Employees required to pay income tax at rate same as private firms	Networking: Used political networks to expedite the registration process held by the NGOAB Alteration: Withdrew application from NGOAB and registered as a private company Revised the salary scale of employees and designed salary package paying more than conventional NGOs Communication: Crafted appropriate communication strategy to reflect multiple organisational identities to different stakeholders	Side stepping
Balancing economic and social goals	Competitive logics: Market logic emphasis on unique selling proposition Consumer awareness: Customers lack awareness about rickshaw branding & rickshaw art Social exclusion and fairness: Rickshaw pullers & rickshaw artists are excluded by conventional NGOs as beneficiaries	Financial resources: Generate revenue through trading is the most viable source of financial development Human resources: Need to develop business-like skills to generate revenue from trading	Earned Income Generation: Income generation through an inclusive business model Utilised the hereditary knowledge of the beneficiaries at the same time as creating an income opportunity for them Innovation: Established a design unit to produce creative and colourful ideas for rickshaw advertisements Empowered rickshaw artists to restore their creativity and learn from their ancestors Learning: Recruited graduates from design institutes and business schools to develop the ideas and sell those to customers Leveraged knowledge gained from year-long experiences in the media industry Alliance building: Formed partnerships to overcome know-how shortage (e.g. with Bamyan Media) Collaborated with Yunus Centre around knowledge sharing Marketing: Advertise in social media PR activities Offer customised rickshaw art for gifts with greeting messages Formed partnership with international retail stores and art galleries for the distribution of rickshaw art Online sales through self-maintained website Painted 25 rickshaws with company's own branding to prove the viability of the project to corporate clients.	Adapt

The evidence therefore, shows that Panther Social side-stepped being a victim of NGOAB bureaucracy, confusion and scrutiny by changing their registration status. The new status created tensions related to multiple identities and also employee dissatisfaction, which were addressed respectively by designing an appropriate communications strategy customised for each stakeholder group and by revising the salary scale to be more attuned to the expectations of the employees.

Tension: Balancing social and economic goals (Panther Social)

Being registered as a private company restricted Panther Social from seeking any donations or grants, which meant that generating revenue through trading was the most viable source. On the one hand, the company wanted to create a social business model to benefit rickshaw pullers and artists, as these individuals are excluded from support by most NGOs. On the other hand, they knew that customers lacked an awareness of rickshaw branding and rickshaw art. The founder said,

“We wanted to create a sustainable income solution for rickshaw pullers and rickshaw artists. However, we also knew that challenges were ahead of us as we wanted to establish rickshaw branding and rickshaw art as unique products to a customer group who have no pre-existing idea about these”.

The founder further pointed out that one of the pre-requisites to operate successfully in the market is developing a unique selling proposition, which requires creation of awareness among potential local and international customers about how their art works are different from those sold in conventional art galleries. He commented,

“Positioning our differentiated product was a difficult task, especially in the national market, with target consumers being limitedly concerned about issues such as, ethical consumerism, fair treatment and social exclusion. Although I agree that the

potential international customers mostly hold a higher degree of awareness and concern about these issues, they tend to have less knowledge about what rickshaw art means, about the skills involved and the emotions attached to making them. So, creating awareness and establishing our uniqueness was also a difficult task in the international market.”

Panther Social therefore experienced challenges in adhering to their core social mission, while designing a unique selling proposition attuned to market conditions, with potential consumers having limited awareness for appreciation of the uniqueness of the product.

Responses to address tensions

The founder pointed out a number of strategies used to establish their market proposition based on their social mission. The founder pointed out an early need to develop business-like skills to achieve this goal, highlighting that Panther Social achieved these skills by recruiting graduates from design institutes and business schools in order to produce the ideas to sell. The organisation also leveraged managerial knowledge of the founder gained from the year-long experience in the media industry. Alliances were developed to overcome know-how shortage with Egyptian company Bamyam Media and with Yunus Centre.

The founder explained that their marketing activities included a range of tools, arguing that some of these were “*unique*” and were much “*appreciated*” by their stakeholders. They advertise on social media, conducted PR activities and offered customised rickshaw art for gifts with greeting messages. In order to distribute the rickshaw art pieces partnerships have been formed with international retail stores and art galleries. They also conduct online sales through a self-maintained website. The founder said that there is a “*stigma*” associated with rickshaws as cheap vehicles used by people at the lower end of society. Therefore, for this reason potential corporate clients felt that advertising on a rickshaw could seriously devalue their brand image. This concern was allayed by developing a unique marketing technique: the organisation painted 25 of Panther Social’s own rickshaws to advertise the founder’s other businesses. These

rickshaws were painted with company logos and bright colours to attract both media and public attention, and to encourage corporate clients to do the same.

The evidence from this case shows how Panther Social adapted their response to influences from the market and the society by developing and applying business-like skills and an appropriate communication strategy. At the same time, they designed an inclusive business model to create a sustainable income solution for rickshaw pullers and rickshaw artists who were excluded from the support provided by traditional NGOs.

7.6 Private and public limited corporations

Hathay Bunano is a private limited company listed under the Private Company Act of Bangladesh and MIDAS is a public limited company listed under the Dhaka and Chittagong stock exchange (Table 7. 5). Thus they are obligated to comply with their respective regulatory bodies. Both SEs have exchange relationships in the market: Hathay Bunano sells toys to conventional retailers and MIDAS offers finance to SMEs and collects investments from the capital market. They are both particularly involved in close relationships with beneficiaries.

Tension: Balancing social and economic goals (MIDAS)

MIDAS was initially registered as an NGO under NGOAB, but its operational model is different from conventional NGOs because it is a non-banking financial institution with a social goal. The Managing Director explained how the absence of customised regulation and monitoring to govern their organisation had led to difficulties in dealing with NGOAB. Also, in 1993 USAID, a large donor, stopped supporting MIDAS prompting them to request a loan from a conventional bank to save the organisation. This was refused since conventional bank's loan facilities were only provided to non-banking financial institutes (NBFI). Therefore, in response to all of these challenges and opportunities, MIDAS decided to transfer their registration from NGO to NBFI upon approval from Bangladesh Bank, which enabled them to receive a loan. In 2002, they were listed on the Dhaka Stock Exchange and the Chittagong Stock Exchange in 2004 to access capital from the market. The MD claimed that all of these changes made the organisation

increasingly financially self-reliant, although a new range of tensions had also been created in the process. The Managing Director said,

“Investors always pressured for more return on their investment during annual meetings. I don’t blame them because this is how the capital market works. However, we are here to accomplish our social goal and that is our priority. Therefore, we cannot just increase the interest rate and burden our borrowers”.

The above comment shows that MIDAS had to satisfy investors who were focused primarily on economic returns, while also advancing its social goal requires a good relationship of care and consideration with their beneficiaries. The MD described how they had experienced an ongoing tension in balancing their social and economic goals. In order to increase financial return and satisfy investors, MIDAS faces pressure to increase its interest rates according to the overall market rate. Due to social obligations, however, the organisation is unable to impose an interest that is in line with market rates for SMEs. Hence MIDAS faced the challenge of optimising economic returns while also advancing its social goal.

Response to address tensions

The MD said that they had been holding regular discussions on an annual basis with key investors and representatives from loan beneficiaries to set an interest rate that was aligned as far as possible with the demands of both parties, using persuasion to minimise any compromise involved. They also had created alternative revenue generation sources to avoid burdening loan beneficiaries with an increased interest rate. For instance, recently they invested in constructing a multi-storey commercial building and rented the floors to a number of organisations. In the same building, some floors were rented to beneficiary SMEs at a subsidised rate, providing a facility for the beneficiaries while also creating an additional revenue source.

The analysis therefore shows how MIDAS had been able to adapt their registration status and revenue generation sources to resolve some of the tensions experienced, using persuasion and earning generation capabilities to manage this.

Tension: Balancing social and economic goals (Hathay Bunano)

The absence of clear policy guidance and appropriate regulation with respect to SEs in Bangladesh resulted in Hathay Bunano being initially registered as an NGO under the NGOAB, even though its operational model differs considerably from that of a traditional NGO. Therefore, the organisation experienced delays and non-cooperation on the part of NGOAB and public support institutions, since the public officers involved lacked understanding of Hathay Bunano's activities and support needs. In 2010, Hathay Bunano was registered as an export-oriented private limited company under the Private Company Act. The Founder of Hathay Bunano said,

“In this country everything [institutional support] is ok as long as it involves a clearly prescribed process...as soon as you are a millimetre away from the system, everything goes haywire. The system here is not set up to cope with a need for flexibility; here, to bring in a change is a huge process involving lots of controversies and so many people to oppose it.”

The founder claimed that while Hathay Bunano's change in legal status had resolved the tensions they were having in dealing with the NGOAB, it created a new set of challenges such as having to pay more tax. The founder commented that, on the one hand, they had to behave like a commercial enterprise and develop business-like skills to compete with conventional low cost international toy producers. On the other hand, they also had to stay true to their social goal to create employment for rural women and pay them a fair salary. As a result, managing a smooth flow of working capital has always been a challenge for the organisation and has caused tensions around balancing social and economic goals.

Response to address tensions

The founder described how Hathay Bunano had to develop a range of business-like skills to enhance their economic efficiency and reduce pressure on their working cash flow,

although they had to do this without sacrificing the social mission. For instance, the founder commented about developing and promoting what they saw as their unique selling proposition,

“We turned our weakness into our strength. We know we cannot compete with conventional toy producers if we take a rational cost-focused business approach. We focus on our differentiated position and only approach the buyers that value ethical consumerism.”

The above comment reflects how Hathay Bunano had positioned their social orientation as a unique selling proposition in order to compete with conventional low-cost toy producers and by capitalising on their basic idea of hand crocheted and knitted toys that reflected the Bangladeshi heritage. Eventually, along with a team of designers she became involved in co-designing with the buyers. Thus Hathay Bunano developed the innovation capabilities needed to create joint value for both buyers and themselves.

The founder further described how Hathay Bunano was able to minimise its production cost through application of a working model based on a low-cost, labour intensive, electricity-saving and low technology production process. Thus, the firm also benefits from the low cost of machineries maintenance and low utility bills. They leverage the natural sewing ability of village women using needles and crochet and thus save on the cost of training workers.

The organisation has made further cost savings through building alliance with external agencies for training and other non-financial support. For instance, they provide administrative training to workers with support from multinational corporations, national and international organizations, and their own initiatives. In the year 2012, IT related training was implemented through a partnership arrangement with a Netherlands based state organisation Project Under Manager (PUM), whereby Hathay Bunano paid only for the living costs of the PUM trainers. These trainers assisted in setting up an oracle database and taught IT workers how to transfer production processes into complex databases.

The founder claimed that Hathay Bunano's distribution system was designed with a view to achieving cost efficiency while maintaining control. At the local level, this involved

utilising rural transport methods, such as vans, boats and cow carts to carry products from remote villages to district centres from where they were transported to the headquarters via conventional transport, such as trucks and lorries. For international distribution, Hathay Bunano established its own warehouse in the UK and in Malaysia under the name ‘Pebble Child UK Ltd.’ and ‘MDXE Trading Company Ltd’, controlling distribution in their European and Australasia markets, respectively. The founder claimed that the regional warehouse enabled the organisation to establish better control of international distribution, in a cost efficient manner. Achieving legitimacy of their brand with retailers in target markets has also been important, in this respect Hathay Bunano have establish partnerships with well-known wholesalers in each of their international markets.

The founder stated that while it was important for Hathay Bunano to perform different functional activities in a cost efficient manner, they also needed to concentrate on increasing the sales to enhance economic efficiency and social value. Thus she claimed that their marketing activities were described as being similar to those conducted by conventional exporters. For instance, they created direct contact with the buyers through targeted electronic marketing and participating in fairs and summits. After initial contact, their representatives makes a formal presentation to the buyers to inform them about the organisation’s mission, values and products. They started with their brand name ‘Pebble’ which they have made well-known in retail circles by approaching retailers directly and leveraging their social value creating image. With regards to their branding strategy, the founder said,

“We sell our product through John Lewis. I did not agree to sell under their private label. I negotiated for ‘Pebble’. I made them believe that the socially responsible image of ‘Pebble’ can give them more benefit.”

They achieve good prices for their products based on the differentiated position of the brand and the founder further said,

“We did not want to be a mere supplier of toys. We wanted to create our own identity different from any other Chinese toy contract manufacturer.”

The organisation also focused on relationship building with buyers and, based on long-term relationships and trust were able to agree on 50 percent of the quoted value being paid in advance to reduce pressure on their working capital.

Hathay Bunano therefore has been able to avoid being a victim of confusion and non-cooperation which they had initially experienced in their early dealings with the public officers by withdrawing its registration from the NGOAB and registering as a private limited company. The tensions following this change were managed through increasing sales income by developing a range of business-like capabilities, including marketing the organisation’s differentiated position and building strong relationship with buyers in overseas market. A number of strategies were also adopted by the organisation to reduce production, training and distribution cost.

Table 7. 5: SEs' tensions and responses – MIDAS Financing Ltd and Hathay Bunano

Tension	Institutional factors	Impact	Responses	Strategy
MIDAS				
Balancing social and economic goals	<p>Customised regulation: Absence of customised regulation</p> <p>Support provided by market actors: Loan facilities for non-banking financial institutions, but not for NGOs</p> <p>Competitive logics: Pressure from investors to provide higher return on their investment</p>	<p>Financial resources: Easy access to finance from conventional financial institutions & capital market</p> <p>Market rate dividend could create pressure on working capital</p>	<p>Alteration: Withdrew registration from the NGOAB and register as a non-banking financial institution under the central bank</p> <p>Communication: Dialogue with investors and loan beneficiaries to set an interest rate aligned with the demands of both the parties</p> <p>Earning generation: Created alternative revenue generation sources Revenue generation through inclusive ventures</p>	Adapt
Hathay Bunano				
Balancing social and economic goals	<p>Customised regulation: Absence of customised regulation</p> <p>Competitive logics: Competition from low cost toy producers</p> <p>Social exclusion and fairness: Paying fair wages to workers</p>	<p>Financial resources: Constrain on working capital</p> <p>Human resources: Limited business-like skills among workforce</p>	<p>Alteration: Currently registered as a 100% export oriented firm, although was registered as an NGO until 2010</p> <p>Relationship building: Long-term relationships with buyers enable agreement on 50% of the quoted value paid in advance to reduce the pressure on working capital</p> <p>Innovation: Co-designing with buyers Capitalised on their basic idea of hand crocheted and knitted toys originating from Bangladeshi heritage Continuous new design offering</p> <p>Distribution: Utilise locally available transport to carry products from remote villages to district centres Own warehouse in the UK and Malaysia to control distribution Partnership with well-known wholesalers in each international market to legitimate the brand to retailers</p> <p>Marketing & Branding: Social media advertisements, electronic mail advertisements, participating in fairs Built the 'Pebble' brand</p>	Adapt
Attaining organisational goal while respecting the conservatisms in society	<p>Religious values: Restriction against female employment</p> <p>Hierarchy and gender role: Social believe that males are superior and should earn more than females</p> <p>Social exclusion and fairness: Paying fair wages to workers</p>	<p>Human resources: Convincing husbands to let their wives work</p>	<p>Communicating: Persuaded husbands through home visits to allow their wives to work Allowed flexible work schedule such that wives can support their husbands during crop harvesting time</p> <p>Relationship building: Selected one of the villagers as a supervisor to make home visits and build rapport with husbands Used husbands as distribution support</p> <p>Human resource management: Adapted working conditions, including child care, allowing ethnic attire in the workplace and a change in salary structure</p> <p>Networking: Created good relationships with local community and leaders</p>	Adapt

Tension: Attaining organisational goal while respecting the societal norms (Hathay Bunano)

In rural Bangladesh, the social norm prescribes strict gender roles with women being subordinate to their husbands and expected to stay at home to take care of the children and do the housework. Hence female employment outside the home is seen as negative in rural areas and Hathay Bunano founder described how they had experienced particular difficulties in encouraging rural women to take the opportunity to work in its branches. The husbands initially prevented their wives from going to the production centres as they believed this would undermine their wives' duty towards their children and the housework. Also, the founder thought that perhaps the husbands did so as they believed that letting their wives take employment would also undermine their male authority in the family. She added that the existing social norms was that the husband should earn more than the wife, which may have caused many husbands in rural areas to become envious of their wives and created barriers to their employment opportunities. In this respect, the founder highlighted a further dilemma: on the one hand, Hathay Bunano's social mission is to pay a fair salary to workers, yet, on the other hand, paying women employees more than their husbands earned would create tension for both the workers and their families and the organisation.

The founder also stated both local people and religious leaders had also criticised the women who went out to work at the production centres, causing some women to drop out after starting work. According to the founder, one of their production centre located in Teknaf had even experienced severe protest from the locals resulting in vandalism at the production centre on two occasions. Although Hathay Bunano attempted to persuade local people of the value of their activity, they eventually had to close the branch in Teknaf. The founder pointed out,

“Our social goal is to empower rural women. To achieve this goal we were going against social and religious traditions. We were definitely not appreciated by local people.”

Achieving a balance between respecting social and religious customs has therefore posed a particular challenge for Hathay Bunano, given the tensions between their social mission

to support women in rural areas, and the social norm which prescribes adherence to strict gender roles.

Response to address tensions

Hathay Bunano managed this tension by drawing on their persuasion and relationship building skills to encourage husbands (through home visits) to allow their wives to work. They also allowed flexible work schedules so that the wives could support their husbands during the harvesting season. Also, relationships were developed to build capabilities in order to create a bond with employees and their families, including by selecting one of the village members as supervisors who would make home visits to interested females and build rapport with their husbands. Hathay Bunano also used workers' husbands by employing them in distribution function.

The founder commented that they had also adapted their human resource management policies and working conditions to be compatible with social norms and the needs of workers, allowing them to bring their children to work and providing day care facilities. Recently, they opened pre-schools near 8 of the production centres. They also allow the hijab (religious attire) and the observance of prayer times in the workplace. The organisation has also designed the salary structure in a way that respects this social hierarchy as explained by the Founder,

“Our salary structure is flexible. When we start an operation in an area, we first find the average income of males in that area and then determine our workers’ salary structure in a way that they earn a bit less than their husbands...You may think that we are promoting inequality in society, and that instead of challenging it we are supporting it, but I think our strategy reduces a lot of challenges for our workers. There are certain systems that are embedded in our cultural values. If we try to challenge these then we are in danger of deviating from our mission. Men in our society are egoistic and I don’t think their values can be changed overnight. I think that by respecting the tradition I can at least create female empowerment, while not doing it this way I may achieve nothing. So, we decided that by paying the females

less than their husbands they would not face such challenges and become obstacles to their employment.”

To ensure the cooperation of local people and community leaders, Hathay Bunano therefore used its networking and relationship building capabilities to build trust. The founder said that these relationships with the local community and economy were also developed by renting local houses and seeking their assistance when setting up the production centres. They purchased all of their supplies from local vendors to make people realise that the organisation is good for local businesses as well. In this way, they attempted to become “*in-group members*” of the village i.e. becoming more embedded in the local community and economy in order to secure their co-operation.

The founder stated that they were also involved in dialogue with the community and religious leaders to highlight the benefits of the organisation and encourage individuals to spread positive words. Local leaders are highly respected by villagers and their opinions have been important in terms of legitimising the organisation within the local communities.

The example above reflects how Hathay Bunano has sought to influence the husbands of their female employees (or beneficiaries) and the communities where they operate by using their persuasion and relationship building skills. At the same time, the organisation has also adapted its human resource management policies and actions so that traditional social and religious norms are respected in the working practices of the production centres.

7.7 NGOs with conventional subsidiary enterprises

BRAC Aarong Dairy, Grameen Caledonian College of Nursing (GCCN), Grameen Telecom Trust (GTT) and Grameen Intel Social Business (GISB) are the cases that best fit into this category (Table 7.6). These SEs were found to be driven more by market opportunities linked to their perception of social norms, rather than necessarily being driven by public policy. They focus exploiting a market gap to address the needs of their target disadvantaged group and are thus embedded in both markets and society. However, they also have exchange relationships

with public institutions in order to meet regulatory requirements and to gain access to public support.

Tension: Balancing social and economic goals (BRAC Aarong Dairy)

As discussed previously, there is a lack of customised regulation for SEs that are reliant on trading income. BRAC Aarong Dairy is a subsidiary enterprise of BRAC, which is a conventional NGO and is registered under NGOAB. However, BRAC Aarong Dairy's operational model is different to that of its parent organisation, according to BRAC's annual report. BRAC Aarong Dairy's General Manager explained that registering under the NGOAB could have created confusion, given that most of their income came from trading activities. In contrast, there are a number of state support facilities and incentives available for agro-based firms. Therefore, to avoid conflict with NGOAB and to gain access to the support available for the agro-based firms, they registered under the Private Company Act of Bangladesh as a producer and distributor of agro and dairy-based products. As the General Manager explained,

“The policies for NGOs in Bangladesh are very clear and supportive. Also, the policies for the dairy sector are fairly supportive for growth in the sector, but there is no clear policy to support the SE sector...Thus to avoid complexity in seeking support we have registered ourselves as a private company and not as a SE.”

The above comment shows that BRAC Aarong Dairy registered as a conventional for-profit dairy firm in order to access the state benefits available to agro-based firms and also to avoid NGOAB's non-cooperative attitude towards SEs. The General Manager described how, being an agro-based private, firm BRAC Aarong Dairy had experienced both opportunities and challenges. While the company has received agro-based financial support from the state contributing towards their working capital, it has also had to pay tax. Registering as a private firm has also propelled them into direct competition with conventional dairy producers, as the General Manager commented,

“We cannot charge a low price like Pran [the main competitor in dairy sector] or make catchy ads like them. We are bound by our values and thus we have to give a fair price...we need to make customers realise our distinct stance.”

Both the interview evidence and annual report suggest that due to BRAC's commitment to paying a fair price to dairy farmers, BRAC Aarong Dairy's retail price has always been higher than that of conventional dairy producers. Both the General Manager of BRAC Aarong Dairy and the Vice-Chairman of BRAC confirmed a number of tensions: that selling the product at premium price had limited their market share, and there was a limited awareness of the ethical dimensions of products/services in Bangladesh. As a result, the company has always faced the challenge of how to pay fair prices to dairy farmers while maintaining a healthy working capital account in order to sustain their business. Moreover, competing in the conventional market requires business-like skills and, as BRAC has traditionally operated as an NGO, developing such skills was a particular challenge in the early days. Therefore, BRAC Aarong Dairy has experienced particular tension in balancing its social and economic goals.

Response to address tensions

The General Manager described how innovation related capabilities had been key to enabling BRAC Aarong Dairy to compete with conventional dairy producers helping it to become the first company to introduce a low fat yogurt in Bangladesh. This idea was originated from one of their brand executives when they undertook a market survey to understand the potential of the product. Within two months the staff produced a market surveillance report and the results looked promising. The board approved the product and BRAC Aarong formally initiated the project in June 2013, launching BRAC Aarong Lite Yogurt in Bangladesh in three flavours: plain, chocolate and strawberry. Both the General Manager and the Vice-Chairman were of the view that their product variety was one of the key factors helping them to increase their market share.

The company also developed marketing and branding capabilities to position the brand in a differentiated position in the minds of consumers. Their marketing activities included sales

promotions, advertisements and sponsorship. The Brand Manager remarked that the name ‘BRAC Aarong Dairy’ reflected their efforts to establish a “*social brand*”. The project was initially named ‘BRAC Dairy’, which was later changed to ‘BRAC Aarong Dairy’ in order to enjoy spill over effects from the parent company’s other reputed SE ‘Aarong’. Their branding strategy has involved social PR campaigns, such as health campaigns in villages to promote the importance of milk, and informative and testimonial-based advertisements showing the product sourcing and production process and using milk farmers to explain how they have benefitted from the organisation. The company has sought to create a bond with customers in order to develop trust and loyalty. The Brand Manager of BRAC Aarong Dairy remarked,

“We think we create a bonding with customers by making them realise the value of ethical sourcing and responsible consumption through our communications tools.”

The Vice Chairman of BRAC claimed that they had saved costs by creating a “*synergistic*” alliance with their own subsidiary enterprises and that using BRAC’s existing establishments as collection points at thirty remote places had made possible significant savings in distribution costs. He further argued that this asset sharing enabled them to reach dairy farmers from distant villages, as well as saving the distribution cost. A further example of internal synergy relates to support provided by BRAC microfinance division when microcredit borrowers were included in the dairy project. The Vice Chairman argued that this “*synergistic*” alliance with subsidiary enterprises had helped the different parts of the organisation support each other and advance shared social and economic goals.

The interviewee responses show how BRAC Aarong Dairy has developed a number of capabilities in order to balance its social and economic goals. Unlike their conventional counterparts, they have not exploited the dairy farmers for greater economic return. They adhered to their commitment to paying farmers a fair price while maintaining a healthy economic return by reducing operating costs through internal alliance and asset sharing. They have also used their capabilities to innovate, conduct marketing and branding to differentiate their product from those of their competitors.

The analysis shows that BRAC Aarong Dairy has avoided negative influence of NGOABs lack of understanding and non-cooperation of NGOAB officers regarding being a SE with trading revenue. The organisation has accordingly adapted its resources and capabilities to manage the subsequent tensions involving balancing their economic and social goals. An innovative approach to marketing and branding, and internal alliance development has helped them to compete in conventional markets while also advancing social goals.

Tension: Maintaining an independent status while avoiding conflict with government

As discussed previously, tension exists in the relationship between Yunus and the current government, and the leaders of Grameen Caledonian College of Nursing (GCCN), Grameen Telecom Trust (GTT) and Grameen Intel Social Business (GISB) have all confirmed this:. For instance, the CEO of GTT commented:

“...the relationship between the current government and Yunus, you know how it is. Getting access to state support is not as easy for us as it is for similar organisations, such as BRAC or ASA...it’s not that we have not approached them for help before, however, all we got were intentional delays in the process and deliberate attempts to prevent our projects from starting. They are all predetermined that Grameen is a brain child of Yunus, so we will not let them go so easily.”

This comment indicates that due to their operating under the Grameen banner and have Yunus as one of their influential board members GTT, GCCN, GISB, have all experienced challenges in seeking support from state institutions. This non-cooperation of public institutions is the outcome of the long-standing tensions between Yunus and the current government. The Principal of GCCN also said, *“Being a member of the Grameen family has automatically constrained our access to state support”*, and the COO of GISB argued,

“I believe that we are the only one who has introduced ICT in the agro sector; we are providing support to the farmers that no government has ever done. I think we are just advancing the digital Bangladesh vision of the government and nothing else. Still, we are not privileged enough to get state support and not to mention [silence] you know why.”

The above comment reflects how all three SEs have experienced tensions in the pursuit of political legitimacy due to their affiliation with Yunus. For the same reason, acquiring resources and support from the state has been a constant challenge for all three, as COO, GTT explained:

“No organisation can grow alone; they need support either from the state or market or from both. In order to grow we have to pursue our organisational goal, so we had to find alternative means to get our necessary support. However, we also cannot deny the fact that we exist in the Bangladeshi political sphere where without government legitimacy we cannot do our business smoothly.”

Therefore, the evidence suggests how the citizenship in the context of Bangladeshi politics has required all three SEs to achieve political legitimacy. However, they can only expect limited support from the state even though this seems vital for their growth. Therefore, these three SEs, have strived for a level of political legitimacy, they have also sought to develop alternative sources of support so that they could ‘side-step’ being overly dependent on exchange relationships with public institutions.

Response to address tensions

Although these cases are social business, all are registered under the Private Company Act in their respective sectors. For instance, GCCN is registered as a Higher Educational Institute under the University Grants Commission; GTT as a Private Commercial Association/Trust under the Commerce Ministry; and GISB as an IT firm under the Private

Company Act. All of the leaders interviewed said that one of the prime reasons underlying this action was to disguise their affiliation with Yunus. As the social business concept was first promoted in Bangladesh by Prof Yunus, registering as a social business would have made them *“more vulnerable to the governments’ increased scrutiny and meddling”* in the words of CEO of GTT. Hence all three organisations have minimised tensions regarding their political legitimacy by adopting ‘alteration’ as a strategy.

The Principal of GCCN explained how her organisation had built *“alliances with sister concern and projects to complement the resource and support needs of each other”*. She said that GCCN has a *“synergistic”* relationship with the Grameen Micro-Financing division and Grameen Eye Care Hospital. GCCN provides nursing education to the daughters of ‘Grameen Micro-Finance borrowers’ to increase their family income and enable them to repay loans on time. They also supply qualified nurses to Grameen Eye Care Hospital, as there is a nurse shortage in most rural areas. The Principal of GCCN commented that the college prevents Grameen’s hospital from suffering from this crisis by supplying their own graduates, which in turn, helps graduates gain employment in their profession and also provides their families with a sure source of income.

The CEO of GTT said that they collaborate with the Yunus Centre, a social business support institution of the Grameen family. GTT and Yunus Centre combined their support for other social business units running under the Grameen banner, providing advice and searching for partners able to provide financial and non-financial support. They introduced the ‘Social Innovation Fund’ to support potential social business projects of the Grameen family and of others. They also jointly hold a ‘Social Business Learning Lab’ to create awareness about the concept in academia and corporations; and the ‘Social Business Design Lab’ to provide advice on potential models and to help the search for partners. The evidence shows that GCCN and GTT both had minimised tensions related to support needs by using their internal alliance building capabilities.

All three SEs had formed external collaborations to help address their support needs. For instance, Grameen Caledonian College of Nursing developed a partnership with Glasgow Caledonian University in the UK which has contributed both know-how and financial support.

The Nursing and Midwifery Department of Glasgow Caledonian University is one of the investors in GCCN and have also provided support in curriculum design and training.

Grameen Intel Social Business (GISB) had formed an alliance with Intel Corporation USA to develop software and share knowledge (GISB 2013), also shares the distribution network of e-Kutir-India to sell software to Indian farmers.

Similarly, GTT's annual report evidence their partnerships with multiple international organisations (Danone Group, France; Green Children Foundation, USA; Veolia Water, France; BASF, Germany) thus enabling financial and non-financial support for Grameen family projects:

"...it's not that we have to rely on them [state institutions]. There are ample opportunities out in the world. There are organisations and individuals who are willing to help our innovative projects. Corporations, foreign NGOs and even foreign governments now want to get involved with Bangladeshi social businesses. So, we just had to broaden our look and seek support from outside Bangladesh."
(CEO of GTT)

The analysis demonstrates how GTT, GCCN and GISB have all sought to avoid the tensions associated with public support by seeking support from non-state and international organisations. They have developed alliances with external corporations and NGOs as a means to side-step support from state institutions.

All three SEs have taken steps to avoid being negatively influenced by the Yunus-government tension. In so doing, they have adopted an alternative legal form, while also developing an internal support systems through synergistic alliances with sister projects and other partnerships with external entities.

Tension: Balancing economic and social goals (Grameen Intel Social Business)

The financial sustainability of Grameen Intel Social Business depends on its ability to increase sales of its software, although this has always been a challenge for GISB as COO of

GISB explained how farmers tend to have strong emotional ties with and trust of the learning been passed from ancestors, which means they want to rely on the traditional methods of predicting yields, identifying appropriate fertiliser, and scheduling plantation and harvesting activities. The majority of farmers were unwilling to risk their land and effort, lack of trust particularly during the harvesting season, based on GISB's software analysis results. Therefore, GISB's sales growth was not as expected and it was realised that they might have to increase the price and consultation fees in order for the organisation to keep pace financially. The COO highlighted the dilemma:

“We could not just increase our price like commercial software firms because doing so would have undermined our social obligation to the farmers and might also reduce the sale even more.”

The above comment indicates how the social obligations of Grameen Intel Social Business limited their ability to transfer more of the financial burden of the organisation on to customers (i.e. the farmers). However, in order to sustain the business it was pressurised to do so, thus causing a tension between the organisations social and economic goals.

Table 7.6: SEs' tensions and responses - BRAC Aarong Dairy, Grameen Caledonian College of Nursing (GCCN), Grameen Telecom Trust (GTT) and Grameen Intel (GI)

Tension	Institutional factors	Impact	Response	Strategy
BRAC Aarong Dairy				
Balancing social and economic goals	Customised regulation: Lack of customised regulation for SEs Support and funding: Agro-sector offers incentives Competitive logics: Competing with conventional dairy producers Consumer awareness: Limited influence of ethical consumerism in Bangladesh	Financial resources: Selling the product at a premium price limits market share Tax benefits for registering as an agro-based business Human resources: Need to develop business like skills	Alteration: Registered under the Private Company Act of Bangladesh as a producer and distributor of agro and dairy-based products Innovation: Introduced low fat yogurt for the first time in Bangladesh Marketing: Marketing activities to promote a differentiated position from conventional dairy brands Activities include sales promotions, advertisements & sponsorships Branding: Informative & testimonial ads Social PR campaign Relationship building with customers Brand name synergistic with parent SE Internal synergistic alliance: Support the BRAC microfinance division Use BRAC's existing establishment as collection points	Side stepping
GCCN, GISB and GTT				
Maintaining an independent status while avoiding conflict with government	Party political sphere: Tension between the government and Professor Yunus	Financial resources: Lack of support from the state	Alteration: GCCN: Registered as a Higher Educational Institute under UGC GTT: Registered as Private Commercial Association/Trust under the Commerce Ministry GI: Registered as an IT firm under the Private Company Act Internal synergistic alliance: GCCN: Grameen Microfinance & Grameen Eye Care Hospital GTT: Yunus Centre GI: Grameen Yukuguni Maitaki Ltd. External alliance building: GCCN: Glasgow Caledonian University GTT: Danone Group, France, Green Children Foundation, USA, Veolia Water, France, BASF, Germany GI: Intel Corporation, USA & e-Kutir, India	Side stepping
Grameen Intel Social Business (GISB)				
Balancing economic & social goals	Competitive logics: Offering differentiated product and making profit Conservatism in society: Farmers more prone to using traditional methods of farming & fear of technology	Financial resources: Social obligation challenges optimum financial return Human Resources: Developing business-like capability while adhering to the social constraints of farmers	Innovation: Established R&D unit to monitor the changing needs of farmers, climate change factors from field research and to develop software Empowered employees to encourage innovation from the field Learning: Sent programmers to receive training from Intel Corporation in Silicon Valley Branding: Informative advertisements and demonstrations Testimonial advertisements Naming strategy reflecting community affinity & emotional values of the farmers Communicating: Home visits to encourage farmers to use the result of the software Financing selected farmers to demonstrate potential of success to others	Adapt

Response to address tensions

Instead of increasing the price of the software and burdening farmers, GISB applied various strategies to increase sales. The COO of the organisation explained that convincing farmers of the benefits of their product was closely related to increasing the sales, which meant that they needed to make more use of persuasion techniques. The COO said that GISB made home visits to explain to farmers the benefits of the software. They also organised formal group meetings with existing and potential farmers in order to explain, train and advise. GISB even purchased small piece of land in villages where they would employ a few farmers to pioneer the use of their software to cultivate. The success of the farmers' proved the credibility of the software to other potential farmers and also made a case for GISB to always use alternative techniques in order to continually increase sales rather than increasing the price of the software.

The marketing manager at GISB said that they also used different marketing and branding techniques to influence farmers, including road-shows and demos of the software where the marketing team, along with a programmer, demonstrated the software and discussed its benefits. They also broadcast testimonials of current operators and users over the radio, and the marketing manager pointed out that the name of the brand 'Mrityikā' was also carefully decided to reflect its affinity with rural culture. Mrityikā comes from the folk version of Bengali language that means 'soil', which is often regarded as 'the mother' by farmers. The "*name Mrityikā has a sentiment attached to it*" and relationship building was a key marketing strategy:

"In all our communications we promote that we want to do good by the farmers because we care about their future. We are not trying to sell our product as a commercial company and we know farmers fear the use of technology. We want to eliminate that fear through proper explanation and communicating our social vision". (Marketing Manager, GISB)

GISB also focused on innovation to make the software more useful and thereby more in demand. The COO pointed out that their R&D unit were involved in dialogues with farmers and field officers in order to integrate their experiences into future product development. The unit

identified the changing needs of farmers and climate change factors likely to affect crop yields, and then developed the software accordingly.

GISB's COO highlighted the role of learning as a key mechanism that contributed towards continual product development. This included sending programmers to receive training from Intel Corporation in Silicon Valley, which enabled them to update the products on a regular basis and to make products more customised for farmers.

Overall, the analysis shows how Grameen Intel Social Business was able to use its communication, marketing and branding, innovation and learning skills to increase sales while keeping the price of their software affordable for farmers. They were also able to increase farmers' take-up their product by using persuasion, marketing, branding and relationship building. At the same time, the organisation has adapted its business-like skills in order to align the organisational goals with the local traditions.

7.8 Summary

The analysis in this chapter shows how SEs have responded to the conflicting demands/logics imposed on them by different institutional actors in order to access resources and/or to achieve legitimacy, which directly or indirectly affected the functioning of their dual-value system (i.e. their social and economic goals). These conflicting pressures gave rise to a number of managerial tensions. Addressing and resolving these tensions has involved the development and mobilisation of appropriate resources and capabilities.

The findings further show that the tensions varied to a certain degree depending on the type of SE. While a number of tensions were found to be prevalent in most categories, others were apparent only in particular categories or cases. For instance, balancing the social and economic goals was a common tension found in five SE categories (except the 100% donor dependent NGOs) because all the SEs fitting into these categories experienced the pressure to increase their income through trading activities, which was often in tension with their social obligations. On the other hand, meeting donors' requirements and aligning these with the pressures from other institutional actors posed a particular challenge for the donor dependent SEs such as, BPF and Quasem Foundation. The family-owned SEs experienced tension between their

family ethos and demands from other institutional actors, such as with respect to recruiting external expertise. Similarly, Yunus-influenced social businesses faced tensions arising from the long-standing conflict between Professor Yunus and the current government. A more detail discussion of this interplay of institutional influences, the resulting tensions as experienced by the SE cases and their management of resources and capabilities is continued in the next chapter.

Chapter 8: The interplay of institutional influences and SEs' management functions - Findings

8.1 Introduction

This chapter builds upon the evidence presented in the previous chapter, which can be distilled into four main findings for the study as a whole. Drawing upon these key findings and the conceptual framework developed in Chapter 3, this chapter analyses further the interplay between the institutional influences, SEs' dual-value system and how SEs' orchestrate their resources and capabilities in responding to such influences. Building upon the work of (Scott, 1995, 2008), the regulatory, normative and cultural-cognitive institutions existing in state, market and society and their influence on SE growth are examined in this chapter. The evidence from the cases presented in the previous chapter showed that SEs experienced a number of tensions due to multiple institutional factors, also affecting how they address their social and economic missions. Therefore, the following research questions will be answered in this chapter:

RQ2: How does the national institutional context influence SE growth in Bangladesh?

RQ3: What role do SEs' resources and capabilities play in responding to the institutional influences?

The chapter is structured as follows. Section 8.2 presents the findings regarding the institutional influences and their role in shaping SEs' growth. Section 8.3 highlights the managerial tensions experienced SEs, while section 8.4 analyses the resources and capabilities deployed to address those tensions. Finally, Section 8.5 presents the different growth strategies that SEs have pursued in response to the tensions they face.

8.2 Institutional influences on SE growth

The analysis presented in the previous chapter shows how a number of institutional influences relating to the state, market, society, third sector, donors and family have positively or negatively affected the growth of the studied SEs in Bangladesh.

State regulations, policies and supports for NGOs and MFIs

The evidence shows how changes in state regulations and policies have had a significant, although varying impact on all SE categories, also shaping the SE sectors and the patterns of their growth. For instance, the implementation of a more stringent regulation and monitoring system had influenced the NGO and the MFI sector both positively and negatively. The findings show that due to the change in regulations, NGOs in Bangladesh experienced increased scrutiny by NGOAB. This regulatory change had a specific influence on the fully donor dependent NGOs and the conventional NGOs with some trading elements. The fund approval process became more complex and time consuming, with a greater need for documentation, record keeping and accountability for both NGOs and donors. As a result, the studied NGOs were compelled to enhance their professional capabilities by developing skills in record keeping, report writing, and planning and budgeting. Therefore, the evidence shows that the change in regulations had resulted in increased professionalism, transparency and accountability among the NGOs.

Another example of a supportive policy creating opportunities for the SEs was the emergence of the Vision 2020 programme undertaken by the Bangladeshi government which builds on the Millennium Development Goals of the United Nations. The findings show how the government's Vision 2020 programme created the opportunity for Quasem Foundation to seek increased government funding and support. Similarly, the Awami League government's increased focus on disability issues had created the opportunity for BPF to seek financial and non-financial resources from the state. To give another example, the government's focus on implementing the child care provision in the National Labour Laws had contributed to a rapid increase in the number of Phulki's branches. Therefore, the evidence suggests how supportive

government policy can create new opportunities for collaboration with government, increased access to state resources, and new opportunities for growth.

However, the evidence also shows that changes in the state regulatory and policy environment can create challenges for SEs, restricting their growth. For instance, the changes related to the increased monitoring regime of NGOAB created difficulties for some NGOs in that they have experienced problems in persuading donors to fulfil their obligations with the new requirements. This regulatory change created tension in the relationship between NGOs and their donors, with NGOs experiencing delays in funding approval for projects due to the increased bureaucracy and related confusion. Therefore, although more stringent regulations aided the development of professional skills among NGOs, it also increased operational complexity, delays and a need for organisations to address the tensions caused by the need to comply with state regulatory requirements while also meeting donors' expectations.

Customised regulation and support for SEs

The findings shows that while some supportive policy has facilitated SE growth, the lack of appropriate regulation and policy towards the SE sector has also challenged the growth potential of a new generation of SEs. For instance, ASA, Panther Social, BRAC Aarong Diary, GTT, GISB, GCCN, Midas and Hathay Bunano all experienced a significant challenge when registering under the NGOAB. Interviewees from these SEs pointed out the confusion and non-cooperation of NGOAB officers in regard to the new type of SEs that are heavily reliant on trading income.

The findings show how these SEs have had to find an alternative legal form to register under in order to avoid being victims of this ambiguity created by public institutions. Subsequently, they had to compete with conventional for-profit firms after registering as companies and had to develop more business-like skills. Overall, these SEs have sought resources mostly from the market and thus adopted a more entrepreneurial growth path compared to NGOs. The evidences from the cases presented in the previous chapter, therefore, reflects that the absence of customised regulation challenged SEs' access to support and resources, while also stimulating them to develop entrepreneurial capabilities.

The Party political sphere and need for political legitimacy

A number of tensions were found to emanate from the political sphere of Bangladesh. Interviewees confirmed that a range of issues shape the country's political environment, including the resentment and rivalry between the two main political parties, frequent changes of government, and the Yunus-government conflict. The analysis shows these issues have challenged SEs' ability to access resources and support from the state and local public institutions. Dealing with such tensions while also building legitimacy in the national and local political sphere has posed a particular challenge for some SEs. For instance, interview evidence supports that due to the long-standing tension between Yunus and the current government, Panther Social and all the Grameen family SEs' experienced deliberate attempts by state institutions (i.e. NGOAB and the Ministry of Social Welfare) to delay their registration, limit their access to public support and generally be non-cooperative towards these SEs. In order to build political legitimacy, these SEs sought to minimise the risk of conflict with the government, disguising their actual identity by registering as private companies while simultaneously developing internal and external alliances to compensate their limited access the state resources and thereby meeting their supports needs. Therefore, while the challenges emanating from the political sphere had clearly created tensions for some SEs in terms of achieving political legitimacy and accessing public resources, this had also encouraged them to adopt a more independent growth path rather than relying heavily on state support.

Another example of dealing with the tensions arising from political sphere while maintaining legitimacy is how BPF and Quasem foundation developed their contacts with both the dominant political parties. Both the organisations had involved local political leaders in their projects in various ways, notwithstanding the political affiliations of these leaders. They often attended relevant meetings and events organised by all the political parties, providing their opinion and advice. Therefore, maintaining a political network was also confirmed to be a vital strategy for dealing with tensions emanating from the party political sphere.

Within such a politicised environment, SEs of all six categories have strived to maintain a 'apolitical' image as possible in order to avoid their organisations' growth being negatively affected by changes in government. This apolitical stance of SEs reduced the risk of internal environment being adversely impacted by political biases, which interviewees confirmed had

been vital for their ‘internal harmony’. The SEs cases were found to have developed and utilised different entrepreneurial solutions to maintain an apolitical image while had also achieved political legitimacy. For instance, BPF circulated a formal memorandum in its office urging employees to avoid any politically inclined discussion or bullying. Similarly, the Managing Director of Quasem Foundation refused to represent any particular party in the national election at the request of local political leaders. Overall, the influences originating from the party political sphere have driven some SEs to develop and utilise particular entrepreneurial capabilities in the process of dealing with the resulting tensions.

Donors’ policy and work culture

The findings show that the funding policies and work cultures of donors had created opportunities and challenges for SE growth. Donors played a vital role for these NGOs with full donor dependency (BPF) and NGOs with trading income (Quasem Foundation and Phulki). On the one hand, the more efficient and westernised work culture of the donors stimulated these SEs to develop a culture of accountability and performance. On the other hand, these organisations experienced tensions in meeting donors’ expectations while also adhering to state regulations. For instance, BPF experienced tensions in aligning the competing demands of donors’ work culture and the highly bureaucratic regulatory practices and work culture of state institutions. In addition, donors’ advocacy of female empowerment was found to conflict with the social norms of beneficiaries notably in the case of BPF’s CBR programme. These SEs were found to have applied a range of techniques, such as, adaptation of the project and persuasion of the donors to meet the expectations of key stakeholders and to balance competing logics.

Market-related challenges and opportunities

The analysis shows that the changes in the regulations/standards developed and imposed by the actors in the market can create opportunities and barriers for the SE sector and can influence the patterns of growth. For instance, the findings show how Western garment retailers’ pressure to implement child care provision in factory premises facilitated the growth of Phulki. In order to comply with the buyers’ code, a number of garment firms proactively approached

Phulki for a partnership. In this case, a renewed focus of western buyers has seen the enforcement of codes and National Labour Laws acting as a driver for the growth of Phulki.

The evidence further shows how the support provided by private sector institutions (such as, private banks and financial institutions) can shape the patterns of growth of SEs. For instance, MIDAS faced difficulty in accessing loan finance from conventional banks when registered as an NGO. As there was no customised regulation or policy in the financial sector to encourage private banks to finance social ventures so the banks were often reluctant, which influenced MIDAS to register as Non-Banking Financial Institution (NBFI). This change in registration status enabled MIDAS to secure a loan from a commercial bank, since the banking sector had specific loan packages designed for NBFIs. This example shows how regulatory factors related to organisational form can strongly influence the willingness and ability of private institutions to provide appropriate support can also play a role in shaping SE growth.

Logics of competition

One of the most dominant market norms is the logics of competition. Panther Social, BRAC Aarong Diary, GTT, GISB, GCCN, Midas and Hathay Bunano all compete with conventional for-profit firms and thus are obligated to adhere to the competitive norms of consumer markets. The logic of the market required them to pursue competitive advantage through the development of business-like capabilities. For instance, all of these SEs tend to differentiate their products through various marketing and branding techniques, and through the development of unique selling propositions by means of R&D and innovation.

The evidence further shows that competitive logics exist in the capital market, where the level of return on investment (ROI) determines the willingness of investors to invest in a particular company share. Thus public limited companies have to compete to meet the ROI level expected by investors by offering a healthy dividend. For the same reason, MIDAS had experienced pressure from its investors for a higher degree of ROI, which they needed to comply with in order to continue accessing funds from the capital market. This pressure led the organisation to seek alternative ways of generating a higher level of income but without compromising their social goal. In order to meet the expectations of investors, MIDAS had to

introduced different integrated and un-integrated projects to reduce pressure on its working capital. Overall, the findings show how these SEs were developing different entrepreneurial capabilities to address the challenges posed by the demands of their market contexts and related key actors.

Consumer awareness and affordability of SE products/services

The evidence shows how consumer awareness and understanding of SE products and services, as well as their affordability affect their prospects for growth. For instance, due to the limited awareness of Bangladeshi consumers of ethical issues, BRAC Aarong Dairy experienced difficulties in differentiating their brand and justify a higher price than conventional dairy brands, although a higher profit margin was necessary. Therefore in order to maintain their commitment to paying a fair price to the dairy farmers. Thus they had to use their branding capabilities to develop consumer awareness of the ethical dimensions associated with their product in order to stimulate demand. A similar challenge faced Panther Social in their initial attempt to sell their rickshaw branding to corporations and rickshaw art to consumers. Both consumer groups had limited awareness of their service and products and thus Panther Social had to adopt innovative marketing strategies to popularise their service/product.

There were a number of examples where the price of SE products/services posed particular challenge. For instance, Quasem Foundation and Grameen Intel Social Business experienced pressure to increase the price of their service/product, although they could not do so considering the limited ability of their target beneficiaries to afford this (i.e. they were also the consumers of their service/product) and had to find alternative strategies to enhance their economic efficiency without burdening beneficiaries. These examples suggest that since the target consumers of a number of SEs are mainly disadvantaged groups, so their limited purchasing power can be the cause of tensions within those SEs.

Social institutions and norms-challenges posed for SEs

The analysis shows how a number of social norms and institutions can create particular challenges for SEs, particularly with respect to conservative religious values and other traditional customs and beliefs. Particularly, Islamic religious norms were found to have influenced some SEs by their restrictions on female employment and their appearance in front of unknown males. For instance, Hathay Bunano was in a challenging position when attempting to persuade the husbands of their workers to allow the wives to work. Moreover, they experienced resistance from local religious leaders on the grounds of disrespecting Islamic rules. This dominant institution in rural Bangladeshi society significantly challenged the growth of Hathay Bunano, resulting in the close of one unit due to opposition from local religious leaders.

A number of other influential social norms prevalent in rural Bangladesh related to certain beliefs and social practices created scepticism and resistance among beneficiary groups and other people in the community. These social norms were found to be a source of conservatism and resistance to change, creating barriers to the regular operations of some SEs. Grameen Intel Social Business (GISB), Phulki and Panther Social experienced difficulties in persuading their beneficiaries/customers to accept their products and service. These beneficiary/customers possessed some pre-existing beliefs originating from their ancestors, social traditions and experiences, which contributed to a lack of trust in the SEs. For instance, farmer communities initially refused to use GISB's software as they believed that the farming methods which had been passed down from their previous generations were more promising and trustworthy. Similarly, working mothers were reluctant to use Phulki's childcare service because of their suspicion that day care centres might not take proper care of their children.

The evidence suggests that, on the one hand, religious requirements and social norms had slowed the growth of these SEs. On the other hand, these SEs were able to adopt different innovative means to win over the communities and minimise the challenges. For instance, Hathay Bunano had adapted their working practices to suit religious requirements and the needs of female workers/beneficiaries. They also applied a number of innovative means to communicate with and to persuade the villagers. Similarly, addressing the challenges required Phulki and Grameen Intel Social Business (GISB) to gain the trust of beneficiary/customers by communicating, persuading, marketing and relationship building. All of the SE cases that had

experienced particular challenges arising from social and religious norms were also found to have been stimulated to develop entrepreneurial capabilities. These examples show that although conservatism within the society impose challenges to SE growth, SEs had been able to develop entrepreneurial capabilities in the process of addressing the tensions.

Hierarchy and gender roles

The analysis shows traditional social norms and related gender roles to be prominent in rural Bangladeshi society, creating a number of challenges for SEs operating in rural areas. For instance, during their early days, Hathay Bunano experienced resistance to encourage females to work outside home and to generate income, since this was seen as undermining male authority within the family. Similarly, BPF experienced tension when implementing the CBR programme as their initial plan to exclude husbands from the entire project and to provide wives with the sole authority to receive and manage the loan amount also undermined the culture of gender roles and family hierarchy.

Although challenging the growth of SEs, these experiences also stimulated both BPF and Hathay Bunano to adapt their project plans by using innovative techniques. For instance, BPF redesigned their loan policy by involving both husband and wife in the project, while Hathay Bunano used villagers' 'in-group' members (such as, other female workers, religious and community leaders) to represent the organisation and persuade the husbands on their behalf. These further demonstrate how SEs were able to learn from the initial negative experience and develop and utilise different entrepreneurial capabilities to adapt their projects to the cultural traditions.

Peer organisations' behaviour

The analysis shows how challenges and opportunities relating to growth can emanate from the behaviour of peer organisations in the social sector. For instance, ASA had experienced tension in reconciling the interests of small and large MFIs in regard to lobbying the government for the development of a customised regulation for the MFI sector and establishment of

responsible authority for the implementation of the new law. While the small MFIs initially resisted the change fearing lacked of skills and resources needed to be compliant, the large MFIs were reluctant to provide support to the small MFIs. This tension resulted in the establishment of a collective body (i.e. MFI Association) that played a vital role in persuading these two groups to support the change. This led to ASA and other influential MFIs putting their case for better regulations to the government and also establishment of the AMFI to facilitate future collective actions pursued for the benefit of the sector as a whole. This example, therefore, shows that the behaviour of peer organisations can be an important factor in shaping SE growth.

Logics of the social sector

The evidence shows that SEs were influenced by the logics originating from the third sector, in which norms of justice and fairness are often given primary significance. Being embedded in the third sector, evidence shows that SEs examined tended to adhere to these norms although, at the same times had to adapt these principles to suit the social traditions of their targeted groups and communities. For instance, Hathay Bunano faced dilemma of whether to pay a fair wage to (female) workers or design a salary scale based on social tradition (i.e. less than the average income of males in the village). The norms of justice urged them to pay an equivalent salary, whereas respecting the social hierarchy required them to take the latter option.

Another such example is BRAC Aarong Dairy, who struggled to sell their product as they had to charge higher price than the conventional dairy producers. They were able to adhere to their commitment towards justice by finding alternative means to increase sale of their product such as, developing branding and marketing capabilities and thereby continuing to pay a fair price to the farmers. These examples demonstrates how the SE cases were able to maintain their commitment to the norms of the third sector and find creative means to balance these ideals with the pressures originating from other institutional domains.

Family embeddedness

Some of the cases, notably Bangladesh Prothibondi Foundation and Quasem Foundation, were family-owned and subject to the particular dynamics that often affect such enterprises. The evidence from these cases shows how the close familiar relationships involved can be positive, i.e. in terms of nurturing trust and co-operations, but also some disadvantages in terms of seeking external investments. The interviewees claimed that their family culture was a strength in that it promoted internal harmony and focus in decision making, resulting in greater internal efficiency and commitment to their social mission. However, these SEs also experienced accusations from external entities of nepotism and a lack of transparency, which created tensions in their relationships with other agencies.

To conclude this section, the analysis shows how SEs in Bangladesh are embedded in multiple institutional domains, including state, market, society, third sector, donor agencies and family structures. The effects of each of these institutional domains have been individually explored, including with respect to how SEs have been able to respond with respect to accessing resources and building their legitimacy with key external actors. Their embeddedness in multiple institutions reflects their hybrid nature and that their patterns of growth could be affected, both positively and negatively, by the way they respond to these institutional pressures (Table 8.1).

Table 8.1: Institutional factors and their influence on SE growth

Institutional factors	Type of institution (as of Scott 1995)	Positive effect on growth	Negative effect on growth	Example cases
State				
State regulations, policies and supports for NGOs and MFIs	Regulatory institution	Increased professionalism Opportunities for incentives and collaboration with government followed by policy change Stimulated greater degree of independence from state and large donors	Increased complexity and delays in fund and project approval NGO-donor relationship tension	BPF, Quasem Foundation, ASA
Customised regulations and support	Regulatory institution	SEs change legal status and develop own support system	Confusion and limited cooperation by public officers Challenges in accessing public support	BRAC Aarong Dairy, GISB, GCCN, GTT, Panther Social, ASA
Party political sphere	Normative institution	An apolitical stance by SEs contribute to internal harmony SEs with political network get better success for lobbying and political legitimacy Those without political network develop entrepreneurial capabilities to avoid seeking support from public institutions	Tension in maintaining an apolitical image while maintaining a political network for getting access to public resources and supports	BPF, Quasem Foundation, Phulki, GISB, GCCN, GTT and Panther Social
Donor agencies				
Donors' policy and work culture	Normative institution	Stimulated a culture of accountability and performance Reduced funding stimulated finding alternation sources of earning generation	Tension in aligning donors' expectations with the regulatory requirements and the bureaucratic work culture of public institutions Challenges to maintain financial sustainability	BPF and Quasem Foundation
Market				
Requirements/ standards imposed and supports provided by market actors	Regulatory institution	Changes in market regulations created new opportunities for growth	Absence of support from private sector influenced SEs to change the form of registration	Phulki and MIDAS
Competitive logics	Normative institution	Stimulated development and nurturing of more entrepreneurial capabilities	Tension in balancing social and economic goals	BRAC Aarong Dairy, GISB, Hathay Bunano, Panther Social, GTT, GCCN, ASA, Phulki, MIDAS
Consumer awareness and ability	Normative institution	Stimulated SEs to develop marketing and branding capabilities	Created challenges in selling the product	Panther Social, ASA, GISB

Society				
Conservatisms in society	Normative institution	Stimulated SEs to adopt creative ways to influence societal rules and/or adapt accordingly	Hindered the adaptation of SE services by beneficiaries	Hathay Bunano, Phulki, GISB
Hierarchy and gender roles	Cultural-cognitive institution	Stimulated the development of communication and adaptation skills of SEs	Created challenges in persuading beneficiaries to adopt SEs' services	Hathay Bunano, BPF
Social sector				
Peer organisations' behaviour	Normative institution	Stimulated the establishment of an association to encourage collective actions	Created challenges and delays in putting forward the agenda of customised regulations to the government	ASA
Logics of the social sector	Normative institution	Stimulated the SEs to find innovative ways adjust the logics of social sector with other competing logics	Tension in aligning the norms of justice with social tradition	Hathay Bunano
Family				
Family embeddedness	Cultural-cognitive institution	Greater harmony and efficiency in decision making	Experienced allegation on the grounds of practicing nepotism	BPF and Quasem Foundation

8.3 Management of institutional tensions within SEs

The evidence presented in Chapter 7 shows that the SEs cases had experienced influences from multiple institutional domains (cf. Battilana & Lee, 2014; Ridley-Duff & Bull, 2011), often creating competing pressures. Responding to each of the influences and managing those concurrently were important in terms of achieving legitimacy with key stakeholders and accessing resources. As a consequence, a range of tensions were experienced by the SEs in terms of responding to competing logics originating from different institutions and balancing the social and economic missions (cf. Doherty et al., 2014). This study has identified ten different management tensions faced by SEs, which are summarised below.

Tension: Balancing social and economic goals

This tension is created when the advancing economic goal requires some actions that may jeopardise the social goals (cf. Battilana & Lee, 2014; Doherty et al., 2014). This is one of the prominent tensions found in all five categories of SEs, and, in particular to those categories that had some degree of reliance on trading activity. SEs had used different entrepreneurial capabilities (cf. Bloom & Chatterji, 2009) to find alternative ways to achieve economic goals without burdening beneficiaries. A range of capabilities such as earned income generation (mostly the generation of revenue from alternative sources), innovation, marketing, social brand building, relationship development, and alliance building were used by SEs to increase their economic return. Mobilising these capabilities minimised the possibility of slipping into a situation whereby they deviated too much from their social goals.

Tension: Complying with state regulatory requirements while meeting donors' expectations

This tension was created when state regulatory requirements and norms conflicted with the expectations of donors, and was found to be particularly prominent amongst the donor-dependent organisations. Being fully reliant on donations (such as, BPF), such SEs had to attend to donors' norms and requirements, while being registered under NGOAB also made them

accountable to the state regulatory domain. The analysis shows how a change in the regulatory requirements led to a need to provide greater documentation of its financial activity and accounts. The new regulations also required the donors to submit documents and also made the fund approval process more lengthy and cumbersome. In contrast to the highly bureaucratic work culture of the state regulatory domain, donors preferred a more efficient and outcome oriented working style. To this end, SEs faced a tension in balancing state regulatory requirements while also meeting donors' expectations. As a result, the SEs were compelled to develop better professional skills related to regulators, such as account keeping, report writing, and measuring output to confirm the expectations of both state and donors.

Tension: Maintaining an apolitical image while achieving political legitimacy

This tension arose from the ongoing rivalry and conflict between the two main political parties in Bangladesh. The findings show that embracing a particular political party can make a SE more vulnerable to changes of government regime. As a politically neutral image was found to be an important strategy among all six types of SEs in Bangladesh. SEs, however, found that while maintaining such an apolitical image was important, it was also critical to achieving political legitimacy in both national and local political spheres in order to gain support. In some cases maintaining political neutrality also extended to how they managed their work cultures. For instance, in order to maintain internal harmony, BPF required its employees and beneficiaries to avoid politically biased discussions, decisions and bullying. Similarly, the founder of Quasem Foundation refused to participate in national elections by representing any particular political party in order to maintain their politically neutral image. At the same time both the organisations participated in meetings, seminars or other related events organised by the government or the opposition parties and had maintained networks with the leaders of both ruling and opposition parties. They had engaged with the government by providing regular updates about the progress of different projects, by involving local political leaders in their projects and also by providing advice and logistics support to the respective ministries and secretariats.

Therefore, these SEs were able to apply their communications capabilities to portray a politically neutral image in their interactions with external and internal stakeholders, also applying their networking, persuading, and relationship building capabilities to maintain

constructive political linkages involving local leaders in their operations and seek co-operation from the government and local leaders.

Tension: Respecting traditional norms and customs while meeting donors' expectations

This tension was more apparent in the donor dependent SEs, notably BPF. As these organisations were embedded both in donor agency and social structures, they were subject to contrasting norms and expectations presiding in both institutional spheres. For instance, BPF experienced a tension as a result of wanting to exclude husbands from their CBR programme and make the wives the principle loan recipient. This project was designed based on a funding condition of donors, however, this was also found to undermine the traditional family hierarchy and gender roles in the rural Bangladeshi society. Hence, the donors needed to be persuaded by BPF of the need to include husbands in the programme.

Therefore, on the one hand, SEs had used their persuasion capability to convince donors of the importance of respecting social norms and customs for the success of the project. On the other hand, they made efforts to integrate social norms in the project plan and to make the project more suited to the specific social context and the needs of beneficiaries.

Tension: Balancing family ethos and donors' expectations/requirements

The analysis of the previous chapter shows that the tension arising between the family ethos and the expectations and requirements of donors was particularly prominent in those SEs that were family-owned. These enterprises had boards composed of family members and family members (two generations) were heavily involved in key strategic and managerial positions. However, donors had been critical of this high involvement of family members in decision making and management, raising questions as to the extent to which a need for transparency and good management was being compromised by family nepotism. The family-owned SEs preferred to rely on family members' in key positions due to the importance they attached to harmony and trust as a key strength of their organisational cultures. Therefore, such SEs faced tensions in

balancing their family ethos with donors' expectations and requirements. To minimise such tensions, they used persuasion to convince donors of the benefits of family involvement. At the same time, they also invested in skills development and related training to upgrade the competence of family members, and also included external advisers on the board for increased transparency. In this way they were able to allay the concerns of donors while also retaining their family ethos.

Tension: Attaining organisational goals while influencing social norms

The analysis shows how the norms and beliefs in Bangladeshi society have challenged the advancement of SEs' goals. This tension was found to be evident particularly in the case of Phulki, which is an NGO with some trading elements. In this case mothers (i.e. female garment workers), who were the key beneficiaries targeted by Phulki were suspicious of the child-care facility offered by Phulki which also discouraged the garment factory owners to introduce the provision of child care in their premises. This situation limited Phulki's potential to make the alliances with garment firms needed for them to deliver child care service. This tension challenged the overall viability of Phulki's dependent on working mothers being willing to use the day care facility as well as cooperation of the factory owners. Responding to this tension required Phulki to persuade the mothers by spreading positive word-of-mouth messages about the day care service using their existing beneficiaries (i.e. mothers who already were satisfied with the service). Phulki engaged in dialogue with the mothers to take on board their views and respond to their concerns, building a positive relationship with them. At the same time, the organisation increasingly built alliances with garment firms through referrals from their existing alliance partner firms. They also developed a constructive network with government officials and sought public funding drawing upon their role in the implementation of the childcare provision required by national labour law. Therefore, Phulki was able to respond a resistance to change resulting from existing societal norms in order to advance their organisational goal.

Tension: Fulfilling social obligations while protecting knowledge resources

The evidence shows how SEs had attempted to advance their social goal through replication of the operational model. While they were aware of the fact that sharing their model and experiences would involve revealing their knowledge to potential competitors, they were motivated to allow replication due to their commitment to creating social good. This tension was particularly prominently in the case of Phulki, whose social mission was to provide affordable childcare facilities to working class mothers. During the period of data collection, their service was only offered to the garment factories in Dhaka city, although they were aiming to spread their service beyond the capital city. Given their limited capacity a physical expansion beyond Dhaka city was not feasible for Phulki, creating the need for a mechanism to allow replication of their model by other interested NGOs who could extend the service beyond Phulki's current geographical scope. In order for replication to take place, Phulki had to transfer their core knowledge to other NGOs which they found to be conflicting with the logic of competition that requires the protection of key knowledge assets. In this respect, the founder of Phulki explained how they had to compete with other similar NGOs to increase the number of beneficiaries, revenue and to maximise support from relevant institutional actors. To this end, they experienced tension when deciding whether to pursue their social missions by facilitating replication or retaining their knowledge assets to maintain their competitiveness in the market. Phulki responded to this tension through franchising, which, on the one hand, allowed them to utilise the replicability of their model to generate alternative sources of revenue and on the other hand, to advance their social contribution.

Tension: Differences between peer organisations undermining collective action

The evidence shows how tensions can arise when SEs attempt to make ambitious institutional changes that require collective action by peer organisations which may be divided due their varied levels of willingness and capacity to stimulate and implement changes. Hence, this tension arises from the need the interests of different groups and persuading them to participate in collective actions. This was mainly evident in the case of ASA, and influential SEs that wanted to influence the government to introduce a regulation and a monitoring body that was suited to the needs of the MFI sector in Bangladesh. This required support from peer

organisations to impose collective pressure on the government and also a willingness to comply with the new regulatory regime. Having limited resources the small MFIs were disinclined to support such change that could later prove difficult for them to adapt to. Hence, ASA had to persuade peer organisations, especially the small ones, to support their initiative and to help them adapt to the new regulatory regime. This also involved convincing the large MFIs of the need to support the small ones by providing them with appropriate resources and advice. ASA, along with a number of other influential MFIs established the Association of Micro Finance Institute (AMFI) to lead this collective action. The association members were able to persuade both small and large MFIs to co-operate with the lobbying and implementation process. After this initial phase of persuading peer organisations to support the initiative, ASA along with their peers, lobbied the government to develop and implement the new MFI act. The entire process lasted three years, reflecting the high degree of tension and debate involved in creating the change. Once the new regulatory regime was introduced, this posed a further challenge for ASA in terms of complying with its requirements, for which they were compelled to seek external advice and support from consultancy firms to develop these skills.

Tension: Maintaining an independent status while avoiding conflict with government

The long-standing conflict between Professor Yunus and the current government was found to be a particular challenge for four SEs, Panther Social, Grameen Caledonian College of Nursing (GCCN), Grameen Telecom Trust (GTT) and Grameen Intel Social Business (GISB). Due to the conflict between Yunus and the current government, these organisations were unable to register as social businesses, despite their operational model being built on the ‘social business’ concept promoted by Prof. Yunus, and had to register as private companies instead. This tension was addressed by disguising their actual business structure externally, particularly from the state, while internally they maintained an independent status like a typical social business. To minimise this tension, therefore, the SEs were found to be customising messages for different stakeholders. While externally they were registered as private companies, their internal memorandum showed that they operated as social businesses and that employees identified with this model. Moreover, in order to advance their organisational goals, GTT, GISB and GCCN were found to be heavily reliant on internal synergistic alliances as well as external alliance

development as key means by which to avoid the need for support from the state. In this way, these SEs were able to maintain their status as social businesses, which were largely independent of the state, as well as large donors while externally maintaining the image of a conventional private firm to avoid conflict with the government.

Tension: Attaining organisational goals while respecting traditional customs

The analysis shows how some of the SE cases experienced resistance to their activities due to the conservative social norms of beneficiaries and their communities, resulting into a need for adaption of the projects. A similar tension was highlighted previously, where SEs had been able to influence social norms in their own favour. However, in this case the social norms were more dominant and thus harder to influence or adjust to. Hence, SEs had to integrate some of the customary practices in their operational model to show their respect for local traditions and achieve social legitimacy, even though this action created a tension with their social and economic activities. For instance, such tension were experienced by Hathay Bunano as they attempted to encourage female employment and allow them earn an income similar to their husbands. However, the participation of women in any work outside the home was against the religious and social norms, and earning a salary similar to that of the husband was also taken to be undermining the family hierarchy and husband's authority. Hathay Bunano addressed this problem by persuading the husbands to allow their wives to work by varying means such as, relationship building and communicating. They also adapted a number of aspects of their project to suit the social context, such as adjusting the working condition to religious requirements and revising the women salaries to align with the social customs i.e. setting a salary rate that was lower than the average income of the males in that village.

The analysis presented above shows that SEs had experienced tensions due to pressures emanating from different institutional domains that imposed competing demands on them. SEs had to respond to each of these pressures simultaneously in order to continue to access supported resources. They had to design responses according to the nature and relative importance of the institutional domain to the SEs, the varying magnitude of the institutional pressures and their impact on the organisations' goals. SEs were found to have applied a range of responses to address the tensions experienced, including following a dominant logic or coerced compliance,

making a necessary adaptation, reflexively influencing a particular institutional pressure and/or side-stepping pressures. The implementation of such responses in each case required the development and mobilisation of a distinct set of resources and capabilities.

8.4 Capabilities development in SEs

SEs were found to have developed and applied a range of capabilities to manage the tensions highlighted in the previous section. A number of capabilities have already been identified in previous studies, such as communicating, alliance building, lobbying, earning generation, replicating (Bloom & Smith, 2010), marketing (Doherty et al., 2009), learning and skills development (Bull, 2007), networking and relationship development (Lyon & Fernandez, 2012) and innovation (Gawell, 2013; Zahra et al., 2009). The analysis shows three distinct capabilities that can be conceptualised in a different way to those already identified in previous studies: i) alteration, ii) internal synergistic alliance building, and iii) social brand building. These capabilities are further discussed below.

Alteration

This capability refers to the ability to explore and implement alternative options when the most immediately preferred option is difficult to adopt or inappropriate due a tension with external institutional factors. For instance, the findings indicate that seven of the SEs cases had registered as private companies, despite having operational and profit models that were similar to social businesses, i.e. in the cases of MIDAS, Hathay Bunano, Panther Social, Grameen Telecom Trust (GTT), Grameen Caledonian College of Nursing (GCCN), Grameen Intel Social Business (GISB), and BRAC Aarong Dairy. The findings show that there was an absence of custom made policies and regulations for SEs with trading activities, and that registering under the NGOAB would have made them face lack of a cooperative attitude and limited support from public officers. In addition, the ongoing tension between Yunus and the government also discouraged Panther Social, GTT, GCCN, GISB to register as social businesses, given their need to disguise their ‘real identity’ to save their organisations from excessive government scrutiny. These SEs therefore adopted an alternative legal form to minimise such tensions.

Internal (synergistic) alliance building

This capability refers to the ability to create synergistic organisational subsidiaries in a way that one unit fulfils the resource and the support needs of the other. This capability allows SEs to develop their own internal support system whereby one unit complements and advances the activities/goals of the other. The higher the degree of attainment of this capability, the lower is an SE's reliance on external support institutions. The findings show that four SEs, BRAC Aarong Dairy, GTT, GCCN and GISB, had developed such a synergistic internal system. The interviewees of the Grameem family SEs used the word 'synergistic alliance' to refer to this arrangement between sister concern projects that complemented the support needs of each other. For instance, Grameen Telecom Trust (GTT) conducted activities to support (both financially and non-financially) the projects of the Grameen family as well as other SEs. Similarly, BRAC Aarong Dairy and Grameen Caledonian College of Nursing were both established to support the resource requirements of BRAC Micro-financing division, Grameen Micro-financing division and Grameen Eye Care Hospital, respectively. The absence of appropriate public support institutions for SEs was a key motivator of such internal synergistic alliances.

Social brand building

Although all of the SE cases had some promotional/marketing aspects to their activities, only three SEs, Grameen Intel Social Business (GISB), Hathay Bunano and BRAC Aarong Dairy, had actively taken initiatives to develop a brand name and identity for their products. The founder of Hathay Bunano and the Vice Chairman of BRAC Aarong Dairy also claimed that their brands were different from conventional brands and should be regarded as distinct 'social brands'. Their branding strategies were forced to involve three main aspects: i) the naming strategy, ii) the communications strategy, and iii) the relationship building strategy. All three SEs made a strong link between their products and their value-centred socially oriented image and communicated this to the target customers/beneficiaries to differentiate their position from typical commercial brands. Their brand names were carefully chosen to reflect their social orientation and embeddedness within particular communities. The advertisements were designed to inform customers/beneficiaries about the ethical dimension of their products and testimonials used to demonstrate social impact. They used community oriented, traditional promotional tools,

such as road shows and jatra (a traditional stage drama popular in villages). They conducted PR activities to create awareness about their products as well as other relevant social issues. In order to gain trust and create relationships with stakeholders they drew upon their social value creation ability and marketing abilities.

Therefore, the study has explored and developed the concept of ‘Social Brand’ in the context of Bangladesh, showing how the concepts socially oriented values associated with the product/service, communicates its differentiated position to customers, and develops relationships with stakeholders to draw upon its social value creation ability. These SE cases in particular were found to have developed distinctive social brands to gain market power based on their differentiated position. This capability of social brand development allowed the SEs to gain an economic return by drawing upon their socially oriented position.

These three capabilities extend the list of SE resources and capabilities identified in previous studies. Due to their hybrid nature, these capabilities were found to be vital for SEs’ in terms of achieving legitimacy with different institutions and balancing their social and economic goals.

8.5 The range of growth strategies adapted by Bangladeshi SEs

As discussed previously, the studied SEs experienced a number of influences from multiple institutional domains including the state, market, society, family, third sector and donors. These resulted in managerial tensions within organisations, with SEs being compelled to apply various strategies to respond to the different influences in order to resolve or minimise tensions. Their particular responses ultimately influenced their patterns of growth and therefore, these strategies are regarded as growth strategies in this study. While a number of tensions were addressed by adopting an isomorphic response (cf. DiMaggio & Powell, 1983), others were addressed by pursuing a more entrepreneurial response (cf. DiMaggio, 1988; Tracey, 2012). Five possible growth strategies emerged from the data analysis: i) forced adoption/coercive adoption, ii) proactive response to regulation, iii) adapt, iv) influence, and v) avoid. The discussion on the growth strategies is as follows.

Forced adoption/coerced adoption

The analysis shows how some SEs were compelled to adopt particular regulations and/or practices imposed by different institutions. Complying with the institutional regulations or norms was essential for the survival and legitimacy of the organisation; a situation of mandatory compliance with the regulatory requirements. Therefore, this strategy is a form of isomorphic response as conceptualised in the theory of institutional isomorphism by DiMaggio and Powells's (1983). This growth strategy was particularly exemplified by the case of BPF as they had to coercively comply with the new stricter regime of NGOAB.

Proactive adoption

Some of the cases provide particular insight into how SEs have been able to promote and shape the introduction of new regulatory norms which meet the interests of both the state and the SE sector. For example, since the early 2000s, the Bangladeshi government has been encouraging NGOs, developmental agencies and labour unions to collaborate with the government and to support the garment factories in implementing the child care provision of the National Labour Law. This revived focus of the government opened a new door of opportunity for Phulki to access public resources/funding by persuading and supporting the garment firms to introduce day care centres for their workers. Phulki acted proactively to contribute to the governments' goal, utilising the regulatory requirement of government as a tool to expand the number of their branches.

Adapt

The evidence shows how some SEs had adjusted their existing organisational activities, project designs and strategies in order to integrate the demands of influential stakeholders and external actors. There were several examples of which SEs experiencing pressures from a particular institutional domain which challenged the advancement of their organisational activities. While the SEs were found to have made compromises in relation to some aspects of their activities in response to the demands/needs of the actors within that institutional domain,

they had also sought to influence the institutional requirements/practices to a certain degree. They selectively decided which aspects they had to compromise and adjust to achieve legitimacy, then deciding which aspects they would try to change in their favour. For instance, when Hathay Bunano faced resistance from the local community regarding female employment, they sought to win over the husbands by building relationship and gain their cooperation. At the same time, the organisation adjusted its working conditions (such as, allowing religious attire at work, adopting a flexible schedule during the harvesting season, allowing workers to bring children to work and so on) to suit the social/religious context of rural Bangladesh and the needs of their workers.

Influence

There were examples of some SEs attempting to influence the regulatory and/or social practices in a particular institutional domain because those were unfavourable condition to their organisation. A number of SE cases had been successful in stimulating regulatory changes through lobbying, which is a response strategy previously identified in the theory of reflexive isomorphism (e.g. DiMaggio, 1988; Nicholls, 2009; Tracey, 2012). For instance, ASA was found to be adopting this strategy when it collectively lobbied the government for the development of customised regulations for the MFI sector.

Side-stepping

The analysis shows that some SEs had developed their resources and capabilities in such a way that they could find innovative means to side step an unfavourable institutional pressure. For example, all three of the SEs under the Grameen family (GTT, GCCN and GISB) had adopted an alternative legal form to disguise their affiliation with Yunus and had also developed their own support system through internal and external alliances in order to avoid the need for support from the state. Achieving legitimacy was not the prime intention here, rather they wanted to minimise the risk of conflict with the government. These SEs tended to be highly entrepreneurial in finding alternative means of addressing their support needs while also they could safeguard their integrity and legitimacy in a particular tense situation.

In short, a range of growth strategies are ‘identified’ above ranging from isomorphic responses where changed is coerced by external actors to more entrepreneurial and reflexive responses. Of the five growth paths, ‘adapt’ appeared to be the most prevalent among the SE cases. The second most dominant growth path was ‘side-stepping’ followed by ‘proactive adoption’ and ‘influence’. Situations where ‘forced adoption’ was apparent were few, and thus it appeared as the least preferred growth path. Overall, it can be concluded that the studied SEs tend to explore more entrepreneurial options in order to respond towards different tensions rather than choosing an isomorphic response.

8.6 Summary

This chapter has addressed the second and the third research questions of the thesis by presenting evidence relating to the interplay between different institutional influences and SEs’ responses focusing on their management of resources and capabilities. A number of regulatory, normative and cultural-cognitive institutions were identified that originated from state, market, society, donors, social sector and family. The chapter highlights how particular institutional influences had affected the social and economic goals of the SEs and thereof, had created both opportunities and challenges for the growth of the SEs. Ten specific managerial tensions were identified resulting from the competing pressures from multiple institutional domains. The chapter also shows how SEs have mobilised their resources and capabilities to address these tensions. Following from these findings, it is clear that SE growth strategies need to be understood as the outcome of a complex interplay between the various institutional influences, SEs’ dual-value system, and how they organise their own resources and capabilities. The five growth strategies identified are forced adoption, proactive adoption, adapt, influence and side-stepping. Table 8.2 summarises this interplay by listing the tensions and subsequent mobilisation of resources/capabilities in response to different institutional pressures.

Table 8. 2: SEs' managerial tensions and orchestration of resources and capabilities

Tensions/ institutional domain	State	Market	Society/Beneficiaries	Donor	Family	Social sector
Complying with state regulatory requirements while meeting donors' expectations	Forced adoption Professional skills development External alliance building Staffing			Influence Communicating		
Maintaining an apolitical image while achieving political legitimacy	Adapt Communicating Engagement					
Respecting traditional customs while meeting donors' expectations			Influence and (finally) adapt Communicating Innovation	Influence Communicating		
Balancing family ethos and donors' norms				Adapt Communicating	Adapt Staffing Skills development	
Balancing social and economic goals		Adapt Earning generation External alliance building Internal synergistic alliance Learning Marketing Social brand building	Adapt Innovation Relationship building			
Attaining organisational goal while influencing social norms		Proactive response Networking alliance building	Influence Communicating Relationship building			
Fulfilling social obligations while protecting knowledge assets		Adapt Earning generation	Adapt Replicating			
Convincing two groups of peer organisations to attend to the same goal	Influence Lobbying					Influence (peer organisations) Networking Communicating Skills development
Maintaining an independent status while avoiding conflict with the government	Side stepping Networking Alteration Communication		Side-stepping Communication			
Attaining organisational goal while respecting traditional customs		Adapt Marketing Social brand building	Adapt Communicating Relationship building Networking			

Chapter 9: Conclusion

9.1 Introduction

This chapter summarises the key findings from the study and highlights how these have answered the research questions. The chapter presents the theoretical and practical implications of the key findings, identifies the limitations of the study and suggests some ideas for further research.

9.2 Key findings

The key findings with respect to their research questions are discussed in this section. Figure 9.1 shows the refined version of the original conceptual framework (Figure 3.1 in Chapter 3) presenting the story that has emerged from the findings of the research questions.

9.2.1 The nature of growth in the Bangladeshi social sector

The research has been focused on Bangladesh and in this institutional context, the thesis has explored the hybrid nature of SEs. This study has identified six operational types of SEs based on the five dimensions specified in the working definition of SE adopted by the study: social mission, economic project, governance structure, institutional setting and income source. The analysis of the studied cases using these five dimensions led to identification of six categories of SEs in Bangladesh: i) fully donor dependent organisations, ii) NGOs with some elements of trading, iii) NGOs with full reliance on trading, iv) social business, v) private and public limited companies, and vi) NGOs with a conventional subsidiary enterprise and vi) cooperatives (but not included in the study). This typology reflects the operational models of the SEs in Bangladesh and thus have addressed the RQ1a.

The analysis of the operational models has revealed that two dimensions in the EMES definition of SE have shown different characteristics through their application in the context of Bangladeshi hybrid SEs. First, three specific types of economic projects were apparent among the studied cases: service delivery, micro-finance/loan and social mobilisation. The EMES

definition does not look into the specific types of economic activities that SEs may accomplish and thus offers a more general explanation of the ‘economic project’ dimension. This study, therefore, identifies three sub-categories under this dimension that were observed in the studied cases.

Second, this study has looked beyond the ‘participatory governance structure’ that is originally considered as one of the key characteristics of SE by the EMES Network (2013). This study has found in case of four operational models (except, NGOs with a conventional subsidiary enterprise) beneficiaries are not represented in the board and are separated from the governance related activities. Although some SEs (e.g. Panther Social and ASA) invite representatives of beneficiaries to seek advice from them and to have a dialogue during regular and annual board meeting, they do not allow beneficiaries with a right to decision making. Therefore, looking beyond the participatory governance structure, the thesis has found SEs boards that are composed of founders, their family members and external expert advisors.

Third, the EMES approach does not include the SEs that are registered as private sector firms. The EMES ideal-type of SEs have shares of market resources, public grants and voluntary resources. The ideal-type SEs may adhere to market-based principles which drive them to trade goods or services through price setting. The market resources may come from private customers. (The EMES Network 2013: 17-20). However, the data analysis suggest that a number of studied SEs are registered under the Private Company Act of Bangladesh, although they have an explicit social aim. For instance, the SEs categorised as social businesses (e.g. Panther Social) and private and public limited company (e.g. Hathay Bunano and MIDAS) are private sector organisation as per their registration status, although they have an explicit social goal. Thus, this study advance the EMES approach by including the SEs that are registered as private sector firms.

Therefore, the current study has advanced the definition of ideal-type SEs proposed by the EMES Network by looking beyond the participatory governance process, by identifying three sub-forms of economic projects and also by including the SEs that are registered as private sector firms.

The study has also identified four forms/modes of growth pursued by SEs to maintain their dual value system. Expansion and diversification are the two main modes adopted for

advancing the social goals, while economic goals have been pursued through autonomous growth and partnership. The ‘expansion’ strategy has been applied by increasing the number of branches, beneficiaries and/or employees within their existing operations. In contrast, the ‘diversification’ strategy has been pursued by diversifying organisational units in order to carry new projects for disadvantaged groups with different needs and problems. Diversification was also carried out in order to complement the activities of the sister concern units (such as, BRAC dairy was created to provide income support to the beneficiaries of BRAC Micro-finance). The economic goals have been achieved by adopting an autonomous growth strategy. Subsequently, four SEs have purposefully avoided donations and/or investments from external organisations and/or individuals, as they intend to achieve financial self-sufficiency through the trade of products/services rather than relying on donations or grants. In contrast, seven SEs have chosen to achieve economic goals through ‘partnerships’ and seeking investments, donations and grants from external organisations and individuals. Three different forms of partnerships have been identified through further investigation: non-commercial relationships, commercial relationships and joint investment relationships. The studied SEs have been mapped in the continuums based on their modes of advancing social and economic goals.

The analysis of the operational models has revealed the hybrid nature of the studied SEs. All the six operational models accommodated a value system involving both social and economic missions, presence of multiple stakeholders in the governing body, enactment in pluralistic institutional domains and income from both trading and non-trading activities. The hybrid nature of SEs was further apparent from their forms of growth that were adopted by SEs a planned manner to maintain their dual value system (i.e. to pursue social mission and economic goals simultaneously). Overall, this part of the thesis identifies the nature of growth of SEs in Bangladesh and has addressed RQ1a and RQ1b.

9.2.2 The interplay between institutional influence and SE growth

The definition of hybrid organisations points to “drawing on two/multiple different sectoral paradigms” and “coexistence of values” (Doherty et al., 2014). In line with this definition, the studied SEs have shown enactment in multiple institutional domains including state, market, society, donors, third sector and family and have also accommodated coexistence

of two values, social and economic. There was evidence in the data showing that SEs have experienced tensions as because these competing pressures from pluralistic institutions have affected the way SEs could accomplish their values, both social and economic. The SEs had to respond to these pressures in a strategic manner to access resources and achieve legitimacy from institutional actors. The management of tensions, therefore, involved orchestration of SEs' resources and capabilities in a particular way. To this end, the study have identified an interplay between the institutional influences, SEs' value system and their way of mobilisation of resources and capabilities at functional level. This interplay was evident irrespective of their operational type (as identified in Chapter 6). The list of tensions along with the combination of the institutional domains causing those are detailed in Table 9.1.

Table 9.1: Influencing institutions and tensions

Influencing institutions	Tensions
State-donor-enterprise	Complying with state regulatory requirements while meeting donors' expectations
State-enterprise	Maintaining an apolitical image while achieving political legitimacy
Society-donor-enterprise	Respecting traditional customs while meeting donors' expectations
Family-donor-enterprise	Balancing family ethos and donors' expectations/requirements
Market-society-enterprise	Balancing social and economic goals
Society-market-enterprise	Attaining organisational goals while influencing conservatisms in the society
Society-market-enterprise	Fulfilling social obligations while protecting knowledge assets
Third sector-enterprise	Convincing two groups of peer organisations to attend to the same goal
State-enterprise	Maintaining an independent status while avoiding conflict with government
Society-enterprise	Attaining organisational goals while respecting traditional customs

The findings show evidence of conflicting institutional demands in SEs. These influences affected, at a strategic level, the way SEs could achieve their social and economic missions and at a functional level, the organisation of SEs' resources/capabilities. For instance, the absence of customised regulations for social businesses and the conflicting relationship between Yunus and current government made Panther Social register under the Private Company Act, which not only required them to pay tax as a private/commercial enterprise but also prevented them from seeking donations and grants. Further to this, the employees of Panther Social were confused regarding the actual identity of the organisation (i.e. whether they should operate as SE or a private sector firm). Their employees were also dissatisfied with them having

to pay income tax at the rate of commercial private firm employees, although their salary was lower than that offered in typical private sector firms. Thus, at a given time, SEs have experienced influences from single or multiple institutions that have affected the way SEs' could pursue their social and economic goals. At functional level, these tensions have influenced SEs' financial, human and knowledge resources. These findings have, therefore, addressed RQ2.

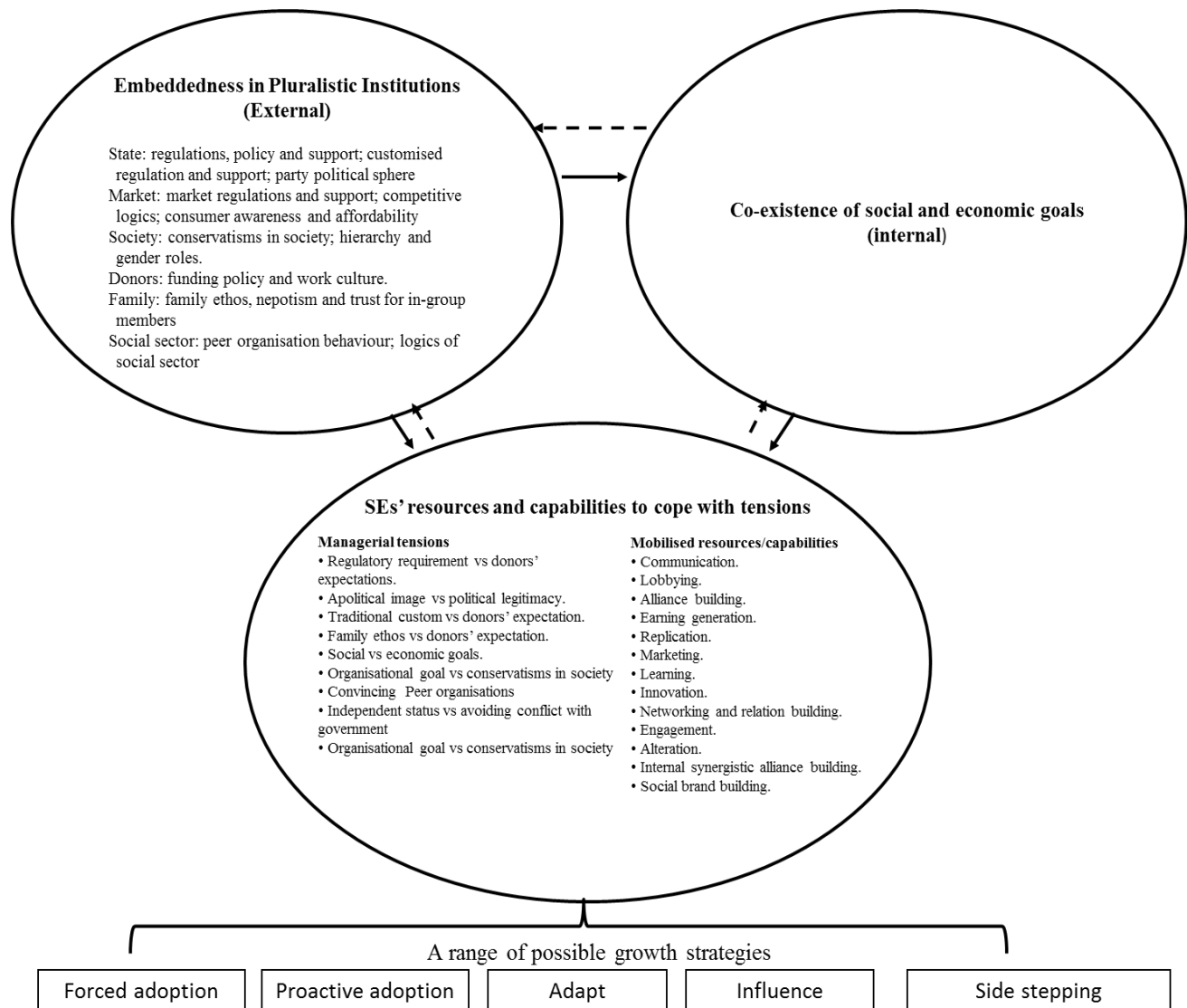
In order to cope with the tensions, SEs had to respond to the institutional pressures. In so doing, a range of resources and capabilities were, therefore, developed and mobilised in a particular way by SEs. In the case of Panther Social, for instance, they responded by withdrawing the application from NGOAB and registering as a private company. In order to enhance the level of employee satisfaction they have revised the salary scale that was higher than the conventional NGOs. Panther Social has crafted appropriate communication strategy to reflect multiple organisational identities to different stakeholders. In the case of other SEs as well, resources and capabilities were similarly orchestrated to manage the tensions in a way that ensures appropriate response to the institutional influences, while also mitigating the constraints towards achieving SEs' social and economic goals. A number of capabilities were identified in the findings, some of which were already been explored in previous studies, such as communicating, alliance building, lobbying, earning generation, replicating (Bloom & Smith, 2010), marketing (Doherty et al., 2009), learning and skills development (Bull, 2007), networking and relationship building (Lyon & Fernandez, 2012), and innovation (Gawell, 2013; Zahra et al., 2009). Further to this, three different capabilities were observed in the studied SEs: i) alteration, ii) internal synergistic alliance building, and iii) social brand building.

An interplay among the institutional influences, SEs' value system and their mobilisation of resources and capabilities is, therefore, evident in the data. The findings further show that the interplay led the SEs to a range of growth paths undertaken as a mode of responding towards tensions. Five possible growth strategies were identified within the continuum. There are: i) forced adoption/coercive adoption, ii) proactive response, iii) adapt, iv) influence, and v) side-stepping.

The findings show that SEs have responded to a number of institutional influences by fully adopting a particular behaviour of theirs in line with the demand/s of the respective institutional actor/s. While in some cases this adoption has happened due to coercive pressure by

the institutional actors (i.e. ‘forced adoption’), in other cases this has occurred out of SEs’ proactive initiative (i.e. ‘proactive adoption’). Instead of blind compliance with the demands posed by institutional actors, some SEs have partially adapted their response to suit their particular situation/goal (i.e. ‘adapt’). In a number of cases, SEs have shown a reflexive response to particular institutional demand by taking initiatives to influence the institutional actors and changing the norms and practices of respective institutions into their favour (i.e. ‘influence’). Finally, in a number of situations, SEs have completely avoided a particular institutional demand by choosing an alternative path to achieve the goals and thereby seeking support from another institutional domain (i.e. side-stepping). Among the five growth paths, ‘adapt’ appeared to be the most vital approach. The second most dominant growth path was ‘side-stepping’ followed by ‘proactive adoption’ and ‘influence’. The situation driving to ‘forced adoption’ was very limited and thus it appeared as the least preferred growth path. Overall, this part of the findings answered RQ3.

Figure 9.1: The interplay among institutional influences, hybrid SE value, and their resources and capabilities



9.3 Implication for theory and practice

This section uncovers the theoretical and practical implications of this thesis.

9.3.1 Contribution to theory

The study has made three key contributions to the theory. First, it has advanced the understanding of the managerial tensions within hybrid SEs by drawing on how such organisations experience competing pressures originating from multiple institutions and how

these pressures create tensions in achieving their economic and social goals simultaneously. The study has further identified a range of tension management strategies that hybrid SEs undertake by mobilisation of resources and capabilities in a particular way. This study is a synthesis of ideas from three literature domains - hybrid organisations, institutional views and strategic management. The study has borrowed the resource and capabilities based view from strategic management and tied it with the concept of mixed institutional logics from institutional analysis. This cross-fertilisation has allowed the macro-level factors from institutional domains to be linked with micro-level issues inside the organisation.

Thus the findings of the study extend the understanding related to two emerging interests in SE research: i) studying the hybrid nature of SEs (e.g. Jay, 2013; Pache & Santos, 2013) and ii) synthesizing insights from other disciplines to examine tensions in hybrid SEs (e.g. Doherty et al., 2014; Smith et al., 2013). In this respect, Doherty et al. (2014) recently proposed three important research agenda that require the attention of scholars in the social entrepreneurship landscape. Firstly, they have urged SE scholars to investigate the hybrid nature of SEs by examining how they balance their social and economic goals and how they embed in multiple institutional settings. The RQ1 of this study has responded to this call by identifying the operational trajectories of SEs in Bangladesh and their forms of growth. Secondly, Doherty et al. (2014) urged for pursuing a study *“to investigate the institutional conditions that promote the establishment and growth of SEs, and those that hinder their creation and growth”*. This study has responded to this call by identifying the positive and negative institutional influences and finding how these influences create managerial tensions in SEs (RQ2). In their third research agenda, they proposed the development of *“a theory to explain how SEs sustain relationships with an array of stakeholders that have competing objectives at the same time developing market-based strategies by hybrid organizations to create and leverage resource portfolios”*. The current study has identified a number of responses that SEs can exert to achieve legitimacy from stakeholders in the state, market, donor agencies, family and society. The study has also revealed a number of ways through which SEs have avoided a particular demand originating from the public sector by relying on the opportunities present in the private sector. Thus the study has found how SEs have developed market-based strategies in order to side-step unfavourable norms or practices that they would otherwise have to comply with. Further to this, the study also identified how SEs orchestrate resources and capabilities to implement these

responses (RQ3). Previous studies have explored the interplay between structure and agency. The current study has advanced this understanding by examining this interplay in hybrid organisation context. The study has empirically drawn out how institutional factors influence the way hybrid SEs can pursue their social and economic goals and how SEs mobilise their resources and capabilities in order to manage internal tensions resulting from institutional influences. This study, therefore, contributes to the broader discussion regarding the relationship between structure and agency.

Second, the contribution of the thesis is not limited to SE research only. The thesis has also contributed to the institutional and strategic management views. The findings of this study have pointed that the resource-based perspective that originally focus on the growth of conventional enterprises can be useful for explaining SE growth as well. The resource-based view is based on the assumptions of economic value creation and accords limited attention to the resources and capabilities required for social value creation. Nevertheless, this thesis has identified a set of resources and capabilities that SEs need in order to accomplish their social goals, such as ‘Social Brand’ development, internal synergistic alliance building, alteration and replication. This study, therefore, advances the resource-based view in terms of its application in SE context.

Furthermore, the findings of the study provides a critical reflection on Scott’s typology of institutions. This study has found that the boundary between normative institution and cultural-cognitive institution was blurred in Bangladeshi context. A number of institutional influences identified in the current study have resulted due to the factors originating from both normative and cultural-cognitive institutions such as, conservatism in the society, hierarchy and gender roles and family embeddedness. The data analysis shows that the conservatism on women employment in Bangladeshi society has resulted due to Islamic religious norms, which in line with Scott (1995) is categorised as a normative institution. At the same time, this practice could also be a result of the masculine culture in Bangladeshi society that draws on males’ dominant role in income generation and in the family. In line with Scott’s typology, therefore, the conservatisms observed in Bangladeshi rural societies could as well be categorised as a cultural-cognitive factor. Similarly, the issues resulting due to the hierarchical structure and gender roles in Bangladeshi societies could be the result of country’s masculinity culture. The Islamic religious values (i.e. women should be in veil and taking care of family) could also be

responsible for the hierarchical structure and gender roles in Bangladeshi society. The tendency of SEs being heavily embedded in the family values could have originated from the culture of collectivism. At the same time, this could be an outcome of the Islamic values that focus on helping family members and respecting the opinion of the elderly. These institutional factors, therefore, cannot be neatly categorised as normative or cultural-cognitive, which shows a limitation of Scott's typology in terms of its application in the institutional context surrounding the hybrid SEs in Bangladesh.

Third, the current study has identified the institutional factors that can potentially influence the nature of hybrid SE growth in Bangladesh. While a number of findings of the study are specific to Bangladeshi context, others can advance the understanding of the nature of SE growth in similar institutional environment prevailing in other South Asian countries, such as, India, Pakistan and Myanmar. The institutional factors that are specific to Bangladeshi social sector context are the absence of customised regulation, Yunus-government conflict, the NGO-state relationship, national regulations and policies on SEs and the dominance of western donors. However, the institutional factors that can also prevail in other South Asian countries are conservatism regarding female employment, hierarchal structure and gender roles, family embeddedness and limited awareness and affordability of the customers. Therefore, the tensions resulting due to these institutional factors can also be apparent in SEs in these countries.

In addition, this study has identified six different operational models of SEs (RQ1). Given the countries in the South Asian region share a number of similar regulatory, normative and cultural-cognitive institutional factors, the existence of these six operational models could be explored in the context of these countries. Although there are a number of previous studies identifying different models of SEs in Europe (Defourny & Nyssens, 2008), the USA (Kerlin, 2010) and East Asia (Defourny & Kim, 2011), the studies examining the operational models of SEs in the South Asian region is still limited. This thesis, therefore, suggests future research to explore the application of the six operational models in the South Asian region.

9.3.2 Contribution to policy and practice

The findings of the study can have a number of implications for policy and practice. In the context of policy making, the findings indicate that customised policy, appropriate public

support and co-operation from the government facilitate the growth of hybrid SEs. The traditional non-profit NGOs in Bangladesh have benefited from structured policy guidance and proper support institutions. A number of these are not applicable for the hybrid SEs that are on the rise in Bangladesh. This study has found that the absence of customised policy guidance and institutional support have led to a number of tensions in these hybrid SEs. In order to overcome these tensions, some hybrid SEs had to adopt alternative legal forms which has put them into a set of other challenges. For instance, registering as a private limited company had required SEs to pay tax like conventional firms, although they were often not able to generate profit at a similar rate like conventional firms. Thus their working capital was always found to be at stake. The findings of this study imply that the Bangladeshi government should focus on developing policies and public support systems that are customised according to the needs of this new generation of hybrid SEs. Appropriate tax policy, customised loan facilities and awareness programmes should be designed to facilitate growth of these hybrid SEs. In so doing, the policy makers in Bangladesh may need to conduct field research and engage in dialogue with SE leaders to identify the emerging SE models, their existing problems and support needs in order to construct a more favourable institutional environment for them.

The thesis have multiple implications for SE practitioners as well, especially for the leaders/managers of the hybrid SEs. The findings of the study can guide the hybrid SEs in Bangladesh to understand how they may experience competing expectations from different institutional actors and how those influences may lead to internal tensions. The insights from the study can make the SEs comprehend and manage their internal tensions better. The findings five ways to respond to different institutional demands: forced adoption, proactive adoption, adapt, influence and side-stepping. The study further offers Bangladeshi hybrid SEs with a guidance for developing and mobilising a number of resources and capabilities, at the functional level, in order to effectively respond to their internal tensions that may be created due to country's institutional context. Thus, Bangladeshi hybrid SEs could adopt the tension management strategies identified in the study to deal with similar situations. Further to this, the study show that hybrid SEs in Bangladesh focus more on developing entrepreneurial considering the current institutional environment surrounding them. In addition to developing the capabilities for social value creation, they should develop business-like capabilities for pursuing their economic goals.

9.4 Methodological reflections and limitations

The current study used a qualitative method and involved analysis of only 11 cases. The study is mainly exploratory in nature and thus its findings need to be adopted with care. Thus the findings from the data are not generalisable. However, a number of findings could be tested in the context of hybrid SEs in other developing countries that have similar institutional conditions, such as Pakistan, India, Nepal, Myanmar and so on. Although the findings have been derived in a structured and organised manner through the use of Nvivo software, the comparison of these findings across cases could be done in a more scientific manner should qualitative comparative analysis (QCA) was used with application of fuzzy techniques. This would have enhanced the reliability of the findings and the replicability of the study framework.

Although efforts have been made to purposively select the appropriate cases, this process could not be accomplished entirely based on judgement due to access limitations. Thus, the inclusion of balanced number of cases from each of the categories listed in the NGOAB directory (i.e. traditional NGOs, micro-finance, social business, urban, rural and so on) was possible due to the access issue. The cooperatives were also excluded for the same reason. With exception to three cases, other SEs were accessed using the researchers' personal network.

Another methodological limitation also related to the sample selection process involves exclusion of the failure cases. The cases selected for the study are all reputed and well established in their respective activity. While there are a handful number of failed SEs in Bangladesh, even including the large ones such as, Proshika (Lewis, 2004), those have not been considered in the sample set. This is because, the failed SEs have no physical existence and hence are difficult to contact and examine.

Nevertheless, this methodological limitation has left behind a valuable lesson for the study. The conceptual framework of the study partly rests on the principles of the RBV, which posits that the success of organisations depends on their ability to create sustained competitive advantage by the development of appropriate resources and capabilities. The RBV implicitly suggests that organisations are fundamentally capable of developing resources and capabilities that are valuable, inimitable, rare and original (Barney, 1991). While the RBV presents the bright side of organisational life, the critiques of RBV entails the dark side (e.g. Boxall, 1996; Lockett et al., 2009). The absence of assumptions that "limit organisational behaviour" is fundamental to

RBV (Lockett et al., 2009: 9). In contrast to the RBV, Sinkovics et al. (2014) argue that organisation survival depends on their ability to remove constraints and that it is not entirely in organisation's control to develop resources and capabilities in order to alleviate unfavourable external factors. This constraint-based view suggests that organisations could be trapped being influenced by situational factors which may limit their capacity to develop capabilities required to overcome the constraints. This alternative logic could not be explored in this thesis due to absence of failure cases in the sample. The findings of the study show that all the studied SEs have been able to manage their tensions through deployment of resources and capabilities. However, the incorporation of failure cases could have potentially changed this finding. Inclusion of failure cases might have allow the thesis to identify institutional influences that are of more serious in nature causing more complex tensions.

Despite these limitations, the study provides considerable insight on the growth of hybrid SEs. The study primarily focused on exploring the complex and multi-faceted reality in the Bangladeshi institutional context and understanding the tension management processes in hybrid SEs within this national context. In so doing, the study has focused on achieving depth rather than breadth. The exploratory nature of this thesis has facilitated a synthesis of ideas from institutional, strategic management and SE literatures. The insights from this study can be tested using larger samples, different context and/or different groups of SEs in future research.

9.5 Suggestions for future research

Given the methodological limitations of the study highlighted above, a number of future research ideas can be derived. Future research focusing on the management of tensions in hybrid SEs may benefit from including failure cases. This may allow identification of the tensions that are more complex in nature and can potentially challenge the survival of the organisation. The findings of such study can not only advance the understanding of tensions in hybrid SEs but also elucidate the “limiting behaviours” (Lockett et al., 2009) of such organisations that can shape their tension management strategies.

In an attempt to gain superior understanding on the nature of hybrid SEs, future studies may compare the tensions and their management strategies in case of hybrid organisations vis-à-

vis non-hybrid ones, such as, conventional for-profit firms or traditional non-profit NGOs. Non-hybrid organisations having single value (either economic or social) and enactment in relatively fewer number of institutional domains are likely to experience challenges of different nature. Thus an understanding of the tensions in non-hybrids will help future studies to identify hybrid-specific tensions and their management strategies.

Further research can also be conducted to compare the nature of hybrid SEs in Bangladesh vis-à-vis those in other South Asian countries. The operational models of hybrid SEs, their tensions and their management strategies that have been identified in this study can be compared with those in hybrid SEs in India, Pakistan, Myanmar, Nepal and so on. Future studies can compare the institutional influences and the SEs' internal factors across countries in a structured manner.

Appendix

Appendix A: Overview of the studied cases

1) Association for Social Advancement (ASA)

A Origin

Founded in 1978, Association for Social Advancement (ASA) is a micro-finance institution providing credit facilities to the poor rural community. With a view to alleviate poverty by empowering underprivileged community in war torn Bangladesh through ensuring their access to capital, ASA started its journey with support from donor bodies. The birth of ASA was driven by the dissatisfaction of the founder Mr. Shafiqul Haque Chowdhury regarding the inefficiency of NGOs and government in creating economic development. He joined up with seven philanthropists comprising of academic, lawyer, physicians, government bureaucrats and social workers to found ASA.

B The social mission

The mission of ASA is to alleviate poverty and improve the quality of lives of the landless and asset-less rural poor by providing them with access to cost effective financial services. The institutional mission of ASA is to support and strengthen country's economy at the bottom of the socio-economic pyramid by facilitating access to financial services for the poor, marginalized and disadvantaged who are ignored by conventional financial services.

The main target members of ASA are women who belong to the poor working class community based in rural villages and dwell in the slum areas of urban cities. These women can be either a homemaker or involved in small labour oriented jobs, such as house maid, garment making or farming assistant.

C The economic project

ASA mainly provides two types of micro-finance loans: primary loan and special loan. The primary loan has a maximum tenure of 12 months with a loan ceiling of BDT 50,000 (US\$650); and the special loan has a maximum tenure of 24 months and borrower can borrow in range from BDT 51,000 to BDT 500,000 (US\$652-US\$6,440). Both the loan products provide the borrowers flexibility in terms of repayment and require no collateral or group guarantees. The primary loan is given to the members who join the ASA program for the first time; whereas the special loan is for existing members who have been with ASA for 4-5 years, have cleared previous debts and now need a larger fund to expand existing projects/business/trade or initiate something new.

ASA currently employs 20,226 full-time staffs including 17,847 are males and 2,379 are females and no volunteers. ASA have 3,154 branches located across all the districts of Bangladesh, of which 85% are located in rural areas and 15% in urban areas serving more than 4.94 million clients. ASA is currently a self-sustaining institution mainly operating with their revenues from crediting functions. They have paid off all their loans and are no longer reliant of foreign donations since 2003.

D The governance structure

ASA is registered as Non-governmental Organization Microfinance Institute (NGO MFI) with NGO Affairs Bureau (NGOAB). They are also registered with, and governed by Micro-credit Regulatory Association (MRA) - a subsidiary of the central bank of Bangladesh established to regulate the activities of micro-finance institutions. ASA is also a member of Microfinance Institution Body of Bangladesh.

ASA is governed and managed by two main tiers of administrative body, the first body is the Board of Governors, comprising of eight founding members and the second is the Administrative Body. The governing body meets once every month to outline the strategic

directions. The board members receive honorarium (i.e. not a salary or dividend), as the revenue generated is used for organizational expansion and bearing operational cost. The administrative body, headed by the CEO, includes five Executive Vice-Presidents controlling the functional divisions as full time employees. The administrative body provides the operational and functional direction and is responsible for the overall management of the organization.

2) BRAC Aarong Dairy

A Origin

BRAC Aarong Dairy has started its operation in 1998 with aim to assist the members of BRAC's Micro-Credit program who borrowed money to invest in cows. A large number of micro-credit beneficiaries who bought livestock with the loan amount was facing a number of constraints to repay loans on time. These constraints include insufficient local demand to generate reasonable profit, lack of refrigeration facility and exploitation by powerful local wholesalers. Being inspired to solve this market access constraint of milk producers, Fazle Hasan Abed, the Chairperson of BRAC, started BRAC Dairy project to bring them out of poverty cycle.

B The social mission

BRAC Dairy's mission is to grant farmers market access, ultimately helping them generate income and providing them a way out of poverty. Over the time, the mission has expanded to serve high quality milk based products to the customers of Bangladesh. Some of BRAC's milk collection centres are located in a very remote and ultra-poor region of Bangladesh. These centres are not cost effective to operate though; BRAC, however, operates these centres to increase market accessibility of extremely poor milk producers and thus utilises the revenue from other centres to subsidize the operating cost of these centres. There are mainly two stakeholders group of BRAC AARONG Dairy, the first are the poor livestock farmers and the second are the quality and value conscious urban consumers. Their business model involves

channelling the urban money received from the market to the dairy project supporting economic empowerment of rural dairy producers.

C The economic project

BRAC AARONG dairy has 100 collecting and chilling stations located in 25 districts of Bangladesh, out of these 25, 10 are located in the ultra-poor areas. The enterprise collects 102,559 litres milk daily and serves 40,000 farmers, 64% of which are women. After collection, milk is transported to their processing plant located in Gazipur using their own fleet of milk transporters. The processed and packaged milk and milk-based products are then distributed through 23 independent distributors and 37 BRAC owned sales centres nationwide covering 16,000 outlets. The current market share of BRAC AARONG dairy is 22% with a dedicated consumer base of around 500,000.

BRAC AARONG dairy currently employs 1500 full time staffs who are dedicated to manage the vast operation of the organization. BRAC AARONG dairy is the first to receive the ISO 22000 certificate in Bangladeshi dairy sector and is one of BRAC's largest enterprises, making profits of over US\$2.8 million/year. BRAC AARONG Dairy is a financially self-sustainable enterprise.

D The governance structure

BRAC AARONG dairy is registered as a SE of BRAC under the company act of Bangladesh. The organization is governed by a governing body chaired by Sir Fazle Hassan Abed, the Chairperson BRAC. The governing body is the same that of its umbrella organisation BRAC. The body is responsible for setting out the overall strategic direction of all BRAC subsidiaries. BRAC AARONG dairy senior management is regarded as the Executive Management Committee which is chaired by Sir Abed. Other members include the Vice-Chairperson of BRAC, Managing Director (Enterprises & Investment), and a Senior Director for Enterprises who is the daughter of Sir Abed. The Executive Management committee manage the operational activities and reports to the governing body. All the revenues generated from the

sales of BRAC AARONG dairy products are used to support the operational cost of the unit, payment of salaries for all the staff members and executive management committee members and the rest is reinvested in the project.

3) Quasem Foundation

A Origin

Quasem Foundation started its journey through Alekjan Maternity and Child Welfare Center in 1958. It was set up by Late Abul Quasem, founder of Quasem Foundation and Quasem Group in Ulipur-Kurigram which is located in the Northern part of Bangladesh. The founder along with his family members felt the need to assist government in implementing developmental initiatives in Northern Bangladesh. The villagers had to travel 60 miles to reach the public hospital causing the death of mother and unborn child. Thus the founder, being an established business man, felt the moral obligation to ensure proper maternal health care facilities in his village.

According to government study, there is high rate of blindness in the northern district due to lack of health care resources, poor nutrition, and various diseases. Following the success of maternity clinic, the children of Late Abul Quasem started Marium Eye Hospital in the Ulipur district in 1994, which is their flagship project. The hospital was the first of its kind in the district which contributed significantly in eliminating previously non-treated curable eye diseases.

B The social mission

“Charity begins at home” is the philosophy that guided the formation of the social mission of Quasem Foundation. Their social mission is to assist the unfortunate and less solvent people of Ulipur and Northern District of Bangladesh by providing affordable treatment for curable eye disease.

The target stakeholder of Quasem Foundation is poor people who are unable to afford expensive treatment for eyes. The target patients are not only restricted to Ulipur district; patients from all the surrounding districts and villages of Rangpur take their service.

C The economic project

At present Mariam Eye hospital provides treatment to about 350 outpatients per day including cataract operation, 10 other types of eye operation, refraction services, eye-test and prescribing glasses. In 2011, Mariam eye hospital opened another 20 bed hospital in neighbouring district of Saidpur and in the same year Mariam eye hospital launched the first ever mobile eye hospital of Bangladesh that travels around different villages of Rangpur, providing basic eye treatment.

The northern district of Bangladesh is very flood prone leaving many of its dwellers living in extreme poverty. Thus the fees of their service are significantly subsidized in comparison to conventional eye hospitals. Patients with extreme poverty are given with free treatment. The source of income of the organisation combines CSR funds from their sister concern businesses (e.g. Quasem DryCell, Quasem Biscuits) and donations from Sightsavers (in the form of technical and expertise share), Government of Japan, Grameen phone and Akij group of Bangladesh. Mariam eye hospital currently employs 100 plus full time employees and eye specialist who voluntarily provide particular number of eye surgeries during an eye-camp run by the foundation.

D The governance structure

The Quasem Foundation is registered as a charity organization under the NGO act of Bangladesh. The foundation is governed by board of directors comprising of six people; this is the same board that governs the Quasem Group. The board is chaired by the eldest son of Abul Quasem. The other five board directors are also siblings of the chairman. The board of directors is responsible for providing the overall strategic direction to the foundation. Donors have no role

in decision making or setting the strategic direction; however, they have to submit reports to the donor on the usage of funds.

The Managing Director oversees the operational aspect of the foundation assisted by a General Manager, operational manager and executive from the head office located in Dhaka. The board of directors neither recover any revenue from the hospital nor take any remuneration from the foundation. The profit is used for supporting the operational cost of the foundation.

4) Phulki

A Origin

Phulki started their operation in 1991 as a non-profit organization providing day care facility for the working class mother, especially garment workers of urban Dhaka. The trigger for the start for Phulki origins from The Factory Act of Bangladesh, which stipulates that any organisation employing 20 women must provide day care facilities. In Dhaka thousands of women are involved in the readymade garment industry, while very few garments have day care facility in their premise. Thus, garment workers have to accept the work with uncertainty about their children left at home.

The founder of Phulki tried to convince few garments about the importance of work based day care and its positive effect on worker's productivity. Having limited response from the factory owners, she decided to start the day care in her own garage. Despite early bottlenecks Phulki was able to manage their resources, implement good management and leadership practice and started to grow. In due time, they were able to advocate the cause and got few garments on their side that allowed Phulki to operate day care in their premise. At the moment Phulki is regarded as the pioneer in providing day care facility in work premise as well as off work premise for the working class mothers of Mirpur (most of the readymade garments are situated here) area of Dhaka.

B The social mission

The social mission of Phulki is to spark the development of the socioeconomic conditions of the disadvantaged people by promoting the rights of women and children. The overarching goal of Phulki is to provide a safe, secure and healthy environment for the children of working class mother. The main stakeholders of Phulki are the working class mothers who are involved in garments industry, house maids and small business and are based in the local area of Mirpur, Dhaka.

C The economic project

Phulki provides two types of day care facility; the first one is work place based under which Phulki operates day care in the factory premise. This service is offered to mothers returning after maternity leave and allows children aged 1 to 3 years. The second one are their community-based day care centres that are away from the factory premise allowing kids aged 3-5 years. Currently, Phulki is managing 12 work place base centres which are 100% funded by the garments. Phulki currently operates twenty community base day centres covering the whole of Mirpur area. These centres charge nominal price from mothers. Thus Phulki needs support from the donors including Action Aid Bangladesh, Aga Khan Foundation, and Global Fund for Children, MARP Marketing Y Producto SA and Plan Bangladesh. Phulki has 120 full-time employees, majority of whom are women.

D The governance structure

Phulki is registered as a non-governmental organization under the NGO acts of Bangladesh and is regulated by the NGO Affairs Bureau of Bangladesh. The organization is governed by an Executive Committee of eight members, comprising of chairman, vice chairman, treasurer and members. The executive committee governs the strategic issues of the organization and the day to day activities are managed by the appointed Executive Director. The executive director who is the founder of the institution is a recipient of Ashoka fellowship and only member of the board who is provided with salary for her involvement with the institution. The

other board members do not take any salary/dividend from the organization. All revenues earned are used for the maintenance of the institution and reinvested for expansion. The Executive director leads the overall operations of the organizations and is supported by several mid-level managers, officers from the office and care giver in the centres.

5) Panther SE

A Origin

Established in 2010, Panther Media is the first media agency that introduced the idea of using rickshaws as platform for advertising by the corporations. Within a year, the organisation converted into a social business named Panther SE and got formal registration as SE. From then, the earnings from the rickshaw branding project is used to support a social project that assist poor rickshaw pullers to save money for purchasing own rickshaw or starting a small business. The founder of the enterprise is Mr.Ahad Mohammad Bhai who was inspired by Professor Muhammad Yunus, when he heard him speak in a local Social Business Contest held by a local school in early 2011. The idea of the enterprise is to put advertising on rickshaws to generate income which will be used to improve the lives of poor hard working rickshaw pullers. The motivation underlying the idea of the project is to solve the social constrain faced by the rickshaw pullers. Most rickshaw pullers in Dhaka city migrate from village and earn their living by renting a rickshaw. From their daily income they have to give the half amount to the rickshaw owner. Thus they can merely save money; even if they do, they spend the whole amount when they go to villages or become sick. Thus they cannot get out of poverty cycle without support. Therefore, Panther Social trains them on financial management and supports them to save money by opening account and doubling the amount they invest. This amount can help them start a business or buy own rickshaw which can improve their living condition.

Later in 2011, Panther Social added another social business to its portfolio called the “Rickshaw Art”. In Bangladesh there are thousands of local artists who can draw/paint pictures, there pictures are normally installed behind rickshaws for increasing the aesthetic of the vehicle. Due to increasing cost, their arts are no longer purchased by the rickshaw owners leaving these

talented artists unemployed and in extreme poverty. The rickshaw art project sells rickshaw art painted by traditional rickshaw artists (i.e. artists who decorate the entire rickshaw with decorative painting) to national and international customers.

B The social mission

The social mission of Panther social is to provide sustainable income generating opportunity for the under privileged rickshaw pullers of Bangladesh by using media as a tool for change to reduce poverty and promote the concept of social business in Bangladesh and abroad. The stakeholders of the organisation are the rickshaw pullers of Dhaka and the rickshaw artist.

C The economic project

The first economic activity of Panther social is rickshaw branding, as part of this program the rickshaw pullers get registered with the company for one year and their vehicle is used for branding commercial advertisements. Panther Social helps the pullers to open a savings account with the organisation, in which it also contributes the same amount as the rickshaw pullers deposit each month. At the end of one year, rickshaw pullers can withdraw the whole amount with which they can set own business or purchase own rickshaw which they can ride themselves or rent. Panther social also provides these rickshaw pullers and their families with free health care, vocational education facilities and training and assistance of on starting a business.

Under the Rickshaw art project, the artists are provided with small fund as a start-up capital to draw the pictures. These pictures are then marketed using an international partner in the overseas. The price at which the painting is sold is returned back to the painters deducting the initial payment made to them as start-up capital. This program has no time limit and thus allows painters to leave any time by returning the initial investment made on them. Recently they launched a TV show holding SE contest among youth which generates revenue in the form of sponsorship. The earnings from rickshaw art project and TV show are also contributed for

supporting other initiatives. The organisation currently has 200 rickshaw pullers under their savings project and 20 rickshaw artists under the rickshaw art project.

Panther social is a fairly new SE having five full time staffs. Panther social is financially self-sustainable and has no donor partners.

D The governance structure

Panther social is registered as a social business under the NGO acts of Bangladesh and is regulated by the NGO Affairs Bureau of Bangladesh. The enterprise is governed by four member board of directors who are well-established and reputed entrepreneurs in Bangladesh. The founder Mr.Ahad is the Managing Director of the enterprise, along with his second brother and two school friends are the other directors. At the present Mr. Ahad oversees all the operational aspect of the enterprise and is assisted by a General Manager, and three officers. The board is responsible for outlining the strategic direction of the enterprise and meets twice every month. All the earnings from the enterprise are reinvested in the project and used for salary of staffs and other administrative cost. Directors are not entitled to any salary/dividend.

6) Hathay Bunano-Pebble

A Origin

Hathay Bunano produces hand-crocheted and knitted toys for children of 0-6 years and exports those to conventional retailers in USA, Australia, UK and other parts of Europe, such as, John Lewis (UK), Fun Kids (Australia) etc. To find a sustainable income solution for rural Bangladeshi women, the founder along with his wife, who is a British citizen, first introduced the model in his birthplace village. The business model is the creation of the founder's wife who has skills in hand crochet, embroidery and knitting since her childhood, coupled with her natural talent in product design and a business background.

Most areas of rural Bangladesh are predominantly characterised by agricultural sector. Women in these areas have very limited opportunity to participate in productive activity. The cultural and religious values in these societies do not allow women working outside home leaving children apart. This exclusion of women from economic activity makes them lose their dignity and live in extreme poverty. To respond to this social constrain, Hathay Bunano aimed at creating localised job opportunities for women.

Furthermore, based on research and experience, the founder realised that the micro-finance model of different NGOs that is very common in rural Bangladesh has created minimal impact on poverty reduction. This is because such loans have high interest rates and draws on the assumption that poor people have entrepreneurial skills. However, most of the villagers being uneducated and unskilled naturally lack the entrepreneurial skills and thus cannot efficiently utilise the loan amount. With high interest rates, micro-finance makes them more prone towards risk in long-term. Thus the organisation started the venture to create sustainable employment for the villagers by drawing on their inherited crafting skills and enhancing those further through proper training.

In 2004, the founders launched a pilot project of Hathay Bunano by using a training centre of an NGO to train A group of 12 women for 6 weeks who started production of hand-made toys soon after. Seeing the success of the pilot project, they opened their own first centre in Narshindi in the same year employing 20 women. Since then the enterprise has seen phenomenal growth by opening their own managed centres in remote areas of Bangladesh and providing thousands of rural women an employment opportunity. In 2010 the organisation launched their own brand of toys called “Pebble” which is now exported to several developed markets around the world.

B The social mission

Hathay Bunano-Pebble’s social mission is to empower women of rural villages of Bangladesh by creating sustainable employment opportunity and eradicating poverty. In order to achieve their mission the organization has three objectives: firstly, to demonstrate that a handicrafts project in Bangladesh can avoid donor dependency by adopting a sustainable

business model; secondly to demonstrate that the production process/model followed in RMG (readymade garments industry) can be used to manage the production process of a handicrafts unit. Finally, to prevent economic migration of rural women by creating localised job opportunities.

C The economic project

The main economic activities of Hathay Bunano-Pebble is manufacturing and marketing of hand crocheted and hand knitted children's toys and clothes. The organisation produces hand-manufactured toys at its 34 rural production centres located in 12 different districts in Bangladesh employing about 3,500 rural poor women. Utilizing its full capacity, HBPS is currently producing 10,000 pieces of 350 different children items every month. All the workers are initially given with 6 weeks of training. Their wage ranges from US\$23-26 per week which is higher than that in garment industry.

Design-related functions are centrally controlled from headquarter in Dhaka and then communicated production centres. Hathay Bunano-Pebble is 100% financially self-sustainable enterprise having no loans, external investments and donations.

D The governance structure

Hathay Bunano-Pebble started as a non-profit organisation, as per the charter of the NGO Act of Bangladesh. In 2010, faced with growing demand of the product in international market and the need for expansion, the enterprise changed its registration status as 100% export oriented company. In 2012 the enterprise made their first foreign direct investment by creating Pebble Child UK Ltd in the UK and a MDXE trading company in Malaysia to control distribution in Europe and Asia.

The company has a board of director including the two founding members and two family friends of the founding couples. The board is responsible for the providing the strategic direction while Samantha manages most of the managerial and operational aspects of the firm. In

2009 Mrs. Samatha Morshed was awarded MBE for her work in Hathay Bunano. Though Hathay Bunano is registered as 100% export-oriented company, it operates as a SE as their profit is reinvested in the venture. Samantha and her husband take nominal salary for their work in the enterprise and other board members take a honarium based on number of meetings attended.

7) Grameen Caledonian College of Nursing

A Origin

In 2009, Grameen Healthcare Trust and Glasgow Caledonian University formed an agreement to establish a high quality college for the education of nurses and midwives in Dhaka following the idea of Prof Yunus. A study conducted by Ministry of Health suggests that there are 23,000 registered nurses in Bangladesh who struggle to serve a population of 145 million. Therefore, Professor Yunus requested the assistance of Glasgow Caledonian University's Nursing & Midwifery Department and proposed to them to form a nursing college in Bangladesh as a joint venture social business project with Grameen Healthcare Trust.

With investment from both the partners and a generous grant of \$2.5 million from the Nike Foundation, the project started its operation. In 2010, the college started its journey with 38 female students. At present the college has a total of 138 students.

B The social mission

The mission of the college is to improve nursing and midwifery facilities and standards in Bangladesh to an international level through the provision of the highest quality education and research. As part of its secondary aim the college provides subsidised education facilities for the daughters of Grameen Bank borrowers and thus contributing further towards their poverty situation. At the moment all the students comes from the family of Grameen Bank micro-credit members. As this college was the first of its kind, so Professor Yunus and Caledonian University

restricted the admission to Grameen Bank borrower's daughters only to explore the feasibility of the project.

C The economic project

At present the college offers 3 year Diploma in Nursing Science and Midwifery degree approved by Bangladesh Nursing council (a state body) and also by University and College Grants Commission (UGC) of Bangladesh (independent authority regulating private college and universities of Bangladesh). The program includes a combination of conceptual study and internship in a hospital or clinic. The college is not yet financially self-sustainable and receives donations from foreign NGOs and multinationals. With current growth rate, the college aims to be fully self-sustainable by 2017-18. The college now employs 37 full-time staffs which include academics, administrative and support staffs.

D The governance structure

The College is registered as an educational institute under The Private University and College Act 1992 of Bangladesh and is a 100% non-profit social business organization. Grameen Health Care Trust holds 70% and Glasgow Caledonian University holds 30% stake of the organisation. They have representatives from both the institutions in their staff body and Board of Governors. The board Chairman is Professor Yunus and Vice-Chairman is the college Principal and Director of the Caledonian Centre for Global Health. The vice-principal and another board member of the college is a former registered nurse of Bangladesh with experience of working in Bangladesh and Middle-East. The other BOGs are two representatives from different Grameen projects and two lecturers from Glasgow Caledonian University. The board is responsible for the strategic direction of the college; while the College Principal leads the Academic & Administrative Committee of the college for managing the academic and operational functions. The academic & administrative committee includes Vice-Principal, teachers and administrative staffs. All of revenue earned from the college is re-invested in the project, payment of salary and administrative cost. None of the board of governors receives any dividend from the project; however, they receive honorarium.

8) Grameen Telecom Trust (GTT)

A Origin

Established in 2010, Grameen Telecom Trust (GTT) is a flagship entity of Grameen family. The aim of this project is to create awareness and facilitate implementation of social business ideas in Bangladesh. Once innovative social business ideas are set forth, Grameen Telecom Trust formulates them in to prototypes that can be replicated in a sustainable manner. Through practical realization of social business ideas Grameen Telecom Trust contributes to the broader vision of Grameen Family to create a poverty free Bangladesh. Grameen Telecom Trust's key areas of investment interest are healthcare, education, industrial parks, environment, fashion and industries development.

B The social mission

Grameen Telecom Trust's social mission is to provide technical and financial assistance to facilitate implementation of innovative social businesses. The stakeholders targeted by Grameen Telecom Trust are social entrepreneurs who are in need of financial and technical support.

C The economic project

Grameen Telecom Trust has financial stakes in four social businesses of Grameen Family. The first social business of the trust is Grameen Distribution Limited (GDL), established in 2009, creating employment opportunities for rural women. GDL employs 5000 self-employed rural women to market and distribute imported, local and in house manufactured products through door to door sales. The members are provided with sales training and products without any capital investment made from their end. After selling the product to end customers directly

or to the retailers, members are allowed to keep the profit minus the cost of producing the product.

Established in 2008, the next project of GTT is Grameen Fabrics and Fashions Limited. The vision of this project is to create 10,000 jobs for the unemployed by 2020 by developing a fashion industry in the social business industrial park in Gazipur. Currently the trust has built a factory with technical collaboration from BASF, Germany. The factory is producing Bangladesh's first long lasting impregnated medicated mosquito net. Currently, the project is producing 6,000 pieces per day, all of which are exported to Africa. The project is expected to produce and distribute 9,000 pieces of net for the local market from 2014.

The third project of GTT is called Grameen Health Care Services Limited that is established in 2006 with the goal to broaden healthcare provision to children, women and financially distressed community of rural and urban Bangladesh. The first unit of this enterprise is Grameen Green Children Eye Care Hospital in Bogra which operates in partnership with Green Children Foundation, USA who has provided half a million US dollar funding for the project. The second unit of this enterprise is Grameen Veolia Water limited that is established in 2008 with participation from Veolia Water AMI, France which is the world leader in water and wastewaters services. The main aim of this project is to purify and distribute subsidizes pure drinking water to Goalhari village of Bangladesh that suffers from arsenic affected water. The project sells bottled water in urban cities of Bangladesh at a higher rate to subsidize the cost of selling it to the villagers.

The final enterprise of GTT is called Grameen Danone Foods Limited, a joint venture with Danone group of France. The unit produces nutritious yogurt aimed to improve child nutrition of rural Bangladesh at a cost effective manner. The unit markets yogurts branded as "Shokti" in villages at a highly subsidized rate and the same yogurt is marketed in urban cities at a higher market price to balance the subsidy. The unit started its operation in 2006 and currently employs around 250 people in the factory located in Bogra. Besides creating jobs in the factory, the unit was able to provide jobs for around 100 ladies who sell "Shokti" yogurt door to door in different villages around the northern district of Bangladesh.

In addition, in 2012, the trust has formed a Social Business Learning and Innovation Fund (SBLIF) to promote ideas of social businesses and undertake their designing and implementation in Bangladesh.

The activities of Grameen Telecom Trust are primarily financed by donations from external stakeholders. There is equity participation by different concerns on project basis as well. Grameen Telecom Trust (GTT) currently employs 15 full-time staff and 3 unpaid volunteers.

D The governance structure

Grameen Telecom Trust is registered as a trust under the Trust Act (1882) of Bangladesh. The institution is governed by an eight member Board of Trustees. Professor Muhammad Yunus is the Chairman and Managing Trustee. The board of trustee includes Managing Director of the trust who is specialist in micro finance and served as board member of development organization at home and abroad. The other members of the trustee all comes from different Grameen institutions holding senior administrative/strategic positions in their respective units. The board is responsible for providing the strategic direction of the trust. The management team which is led by the Managing Director is responsible for heading the overall administration of the Trust. As per the trust act and GTT memorandum, the board of trustee cannot not take out any earnings/revenue from the trust. The revenue are used for the management of the trust, reinvestment in the projects and allocated to the Social Business Learning and Innovation Fund.

9) Grameen Intel Social Business Limited (GISB)

A Origin

In 2009, Grameen Intel Social Business Limited (GISB) was formed as collaboration between Intel Capital and Grameen Trust. The company provide cost effective IT solutions for rural entrepreneurs who use the technology to serve their community farmers to improve their farming yield.

The history of the company goes back to 2007; the Chairman of Intel Mr. Criag Barrett visited Bangladesh and during his meeting with Professor Yunus he agreed to invest to create world's first information technology social business in Bangladesh. The firm's main office is in Dhaka with team members located in USA and India.

B The social mission

The social mission of GISB is solving social problems by offering information technology at affordable prices. The aim of GISB includes developing software that run on a low cost computing device, providing IT solutions for rural entrepreneurs supporting agricultural improvement of the local community and connecting the rural community with information and technology base solutions.

The main target stakeholder of the firm is the promising rural entrepreneurs who want to use low cost computer software driven solutions to support the development of agriculture in their community. The secondary stakeholder of the firm is the farmers based in rural villages who want to improve their production yield by reduction of cost.

C The economic project

The main project of Grameen Intel Social Business Limited is their software called “mrityikā” which performs soil nutrient analysis and recommendation. The software is marketed to rural IT entrepreneurs of Bangladesh and India who uses it to offer soil testing services to the farmers and use mrityikā to analyze the results to recommend fertilizer to the farmers for achieving cost effective optimum productivity. The software offers customized information to the farmers on elements, such as, required nutrients for maximizing yields, fertilizer type, quantity, application procedure, sources and options of the required fertilizers. The solutions from the software enable farmers to save money by reducing wastage and harmful effects of using excess fertilizer.

The rural entrepreneurs pay onetime cost of US\$10 for the software and US\$12/year for web hosting, technical support and updates. The rural entrepreneurs charge US\$.50 per

test/advice given to the farmer. The enterprise is funded mostly by the Intel foundation that provided the start-up capital and also by Grameen Trust. There is no other external donation partner of the enterprise. The firm currently employs eight full-time staff members and 4 volunteer interns who expert in computing software development.

D The governance structure

Grameen Intel Social Business Limited (GSIB) is registered as a SE under The Company and Information Communication Technology Act of Bangladesh. As GSIB is a joint collaboration between Grameen Trust and Intel, the board of directors and staffs involve people from both the institutions. The firm is governed by four member board of directors that is lead by Professor Muhammad Yunus as the chair of the board. The Vice President is a representative from Intel World Ahead Program. The Chief Executive Officer of GSIB has 12 year experience working for Intel as a Finance Controller responsible for overseeing financial and strategic investments worldwide for Intel. He was transferred to Bangladesh by Intel to lead the management team of the GSIB project. The board is responsible for providing the strategic direction of the firm. All revenue earned from the project is used for maintenance of the firm and payment of salary of the management team and the rest is reinvested for further expansion. Board of directors withdraws no salary or dividend.

10) MIDAS Financing Limited (MFL)

A Origin

MIDAS Financing Limited (MFL) is a Non-Banking Financial Institution (NBFI) established in 1995 to provide collateral free loans to small enterprises rather than microcredit loan provided by NGOs to individuals. The company started as NGO funded by USAID during late 80s to provide micro-credit loans to small scale entrepreneurs. In 1993, their funding from stopped as USAID diverted their resources in other projects. This action from USAID prompted

the management of MIDAS to stop reliance on donors and start a financially self-sufficient private limited company.

MIDAS realised that being constrained to offer loan security, Bangladeshi small enterprises often struggle to get loan from conventional banks. For this reason, MIDAS decided to provide collateral free loan to small and new enterprises in Bangladesh.

B The social mission

The mission of MFL is to provide value added financial services to valued customers through strict maintenance of the ethical standard in financial operation. The objective of the institution is to provide loans with easy conditions and flexibility to the small scale enterprises enabling them to start and grow and also to promote enterprising society for small scale entrepreneurs in Bangladesh. Their target clients are small promising entrepreneurs who are involved or interested to start a small trade/business including social business in Bangladesh.

C The economic project

MIDAS Financial Limited provides four types of loans: i) medium term loan for small and medium size enterprises enabling them to establish new enterprises or expansion of existing enterprises; ii) short-term loan provided to micro enterprises for shorter period of time; iii) housing loan which is a long term loan provided to purchase or construct commercial spaces or shops for trade; iv) auto loan to support mid-income group of peoples to purchase cars for personal or commercial use.

The interest rates for all the loans vary ranging from 10%-15%. The company provides a reduced interest rate loan for women entrepreneurs and social businesses to support good cause. MIDAS Financial limited is 100% financially self-sustainable enterprise with no reliance on donations. The company at the moment employs more than 200 full-time employees.

D The governance structure

MIDAS Financing Limited (MFL) is registered as a public limited company incorporated under The Companies Act 1994 and licensed as Financial Institution under The Financial Institution Act 1993. The company got listed with Dhaka Stock Exchange in 2002 and Chittagong Stock Exchange in 2004. MFL is a member of Bangladesh Leasing & Finance Companies Association (BLFCA) and Bangladesh Association of Publicly Listed Companies (BAPLC).

MFL is governed by a twelve member Board of Directors providing strategic direction for the organisation. The board is chaired by former adviser to the caretaker government of Bangladesh and other significant members include former director of Central bank of Bangladesh, founder of Bangladesh Federation of Women Entrepreneurs etc. The Management team is headed by the Managing Director (MD) and other management staff. The revenue earned from the institution is shared with the shareholders (as MIDAS is listed with stock exchange. However, BOD only receives honarium. After paying the operating expenses the rest is reinvested in the enterprise.

11) Bangladesh Protibondhi Foundation (BPF)

A Origin

Bangladesh Protibondhi Foundation (BPF) was established in 1984 as a non-profit, non-government philanthropic organization. The organisation provides integrated services for the marginalized children, children with disabilities in six rural areas of Bangladesh and in three urban centres. Their services help disabled children to improve their functional, educational, health, nutritional, vocational and social areas.

The core function of the organization is the development of evidence-based strategies for the prevention, early identification and optimum development of child with disabilities. Before 1980's, there has been little social concern for and understanding of disabilities and no comprehensive work was undertaken for disabled children by the government or any other

development agencies. During that time a group of mothers with disabled child requested Professor Sultana Zaman, the founder of the NGO, to take initiatives for the children with special needs. Professor Zaman who has a degree on Child Psychology and Mental Development, during that time was teaching in the University of Dhaka and was involved as director of a small NGO working for child nutrition development. She decided to address the issue of child disabilities by herself and thus left the university and her NGO job to establish Bangladesh Protibondhi Foundation (BPF) with financial assistance from local and international donors.

B The social mission

The social mission of BPF is to advocate equal rights for children and adults with disabilities by creating opportunity for equal participation in all spheres of life and making them independent, self-reliant and contributing member of the mainstream society. The aim of the institution is to promote a child friendly right based inclusive society that is free from abuse, exploitation and discrimination for all children irrespective of religion, ethnicity, socioeconomic status, gender and disability.

BPF main stakeholders are disabled and under privilege children based in rural and urban areas of Bangladesh. Their stakeholder is divided into two groups urban (comprising of children from good income earning family) and rural (comprising of children coming from a poor income earning family).

C The economic project

Bangladesh Protibondhi Foundation provides three core areas of services health, education and rehabilitation/self-reliance support to their stakeholders. BPF's flagship project is Child development clinic which provides clinical/medical/neurological assessment of disabled children from detection to sustainable care and rehabilitation support.

BPF's also has thirteen inclusive pre and primary schools where disabled children and normal children attend classes in the same class room. BPF also operates nine community-based rehabilitation programs assisting the disabled and under privileged children and their family with

sustainable income generation via agriculture. Besides this, BPFs operates six vocational training units training disabled youth in the skill of tie-dye, block printing, stitching and embroidery and carpentry. These youths are then rehabilitated in inclusive employment scheme run by partner for-profit firms in ready-made garments, shoe manufacturing and furniture manufacturing industry. All the projects are distributed in urban as well rural areas; with bulk of the project centres located in rural areas due to higher number of disabled children population in rural areas of Bangladesh.

The foundation relies mostly on donation from local and foreign donor partners, such as, Square group, Transcom group, BATA, Bank of Ceylon, Save the Children Bangladesh and Job-Placement Australia. They are also regularly supported by individual donors coming from local and international community. Besides donation, the foundation limited revenues from providing clinical/medical support to the disabled children. They charge higher rate for urban children who comes from good income earning family while offering subsidized/free rate for children coming from poor or ultra-poor family. The foundation also earns revenue from community rehabilitation program enabling the disabled children and their families to get into agricultural activity (i.e. producing vegetables, poultry). BPF buys their products providing fair price and resell those to the mainstream markets. At present, BPF employs 100 full-time staff members and occasional volunteers.

D The governance structure

BPF is registered as Non-governmental and non-profit organization (NGO) under Voluntary Social Welfare Agencies Ordinance of Peoples' Republic of Bangladesh. BPF is also registered with NGO Affairs Bureau as a registered member of NGO in Bangladesh. The institute is governed by board of trustees comprising of seven board members. It is chaired by Professor Sultana Zaman and her eldest daughter is the general secretary of the board. The board is responsible for overseeing the strategic aspect of the foundation.

The administrative and operational aspect of the foundation is overseen by the Executive Director and CEO, who is a qualified pediatrician and administrator. BPF is a 100%

non-profit institution; thus as per the charter of the NGO Act, BODs are not entitled to dividend. The earnings are used for maintenance and reinvestment for the institution.

Appendix B: Interview guides

Topic guide for interview with SE leaders/managers

I am developing a PhD thesis at Middlesex University London about the growth and survival of SEs in Bangladesh. This study intends to understand the problems of SEs in Bangladesh in relation to their growth. As a part of this study I am conducting interviews of owners, managers of Bangladeshi SEs to bring insight of their experience on how they are managing the local context and nurturing growth of their SEs. The interview should take about an hour. Your response would be a great help in accomplishing the study. I heartily thank you for your kind cooperation.

Name of the organisation:

Name and position of the interviewee:

Size of the organisation (Number of employees):

Sector/main activity:

Date of interview:

A. Origin, aims and objectives

1. What is the origin of your organisation?
 - Who involved in setting up-single or team?
 - Independent start-up or spin out
 - Other drivers/stakeholders-government/community?

Main aims and objectives of the organisation

Main activities by which goals are achieved.

Probe with respect to the following dimensions:

- Social needs addressed-involvement of stakeholders
- Economic and social aims

2. Who legally owns the enterprise?

- Legal form
- Ownership structure/composition of the board/senior management team
- Succession plan/procedure or senior management member.

B. Opportunities for growing the organisation/how are they seeking to grow?

3. Are you considering ways of growing your enterprise and/or increasing the impact that your organisation has? If yes, what has this involved?

Probe for

- Internally (through new activities, more sites, revenue generation projects, organisational/staff development)
 - Externally (through networks and partnerships, others)
 - Opportunities to take over activities from either the public or other sector?
 - Others (active communication, lobbying local politicians etc)
4. Have you introduced any new service/process/product within the last 2 years? If **yes** how novel is this?
- Probe for
- If new to the enterprise
 - New to the sector
 - Completely novel (to the world)
 - How this was developed?
 - Where did the main ideas come from? Who involved?

C. Challenges and Support needs

4. What do you see as the main challenges faced by your organisation in relation to sustainability and growth? How do you resolve or manage those?
- Probe for:
- Internal factors (managerial competencies, work-force skills, gaps or deficiencies, operational functions like Marketing, Finance, HRM, R&D)
 - External factors (advice & support availability, training, finance/funding opportunities)
 - Partnership and collaboration (public and private).
 - Others
5. Have you made use of any sources of support; if **yes**,
- Probe for:
- What sort of support
 - How accessed
 - Paid for?
 - How useful was the support(s) and why?
 - Experience/views
6. To what extent the relations within the community influenced the growth of your organization? If any, how have you managed these influences?
- Probe for experience/views in light of:
- Social/community recognition
 - Opportunity to share, mobilize resources with other entities and scope for learning
 - Local context (norms, religion, ethics, moral values, hierarchy etc)
7. To what extent has your organization been affected by :
- Policy environment (incentives and impediments, legal enforcements, judicial systems)
 - Other political influences

- Regulatory environment (rules and regulations, procedures, monitoring/reporting)
- Probe for - Experience/views and also how they have managed those challenges?

D. For Family enterprise only (ask only if family member involved in the enterprise)

9. To what extent does the family interest and vision influence the aims and objectives of the enterprise?

E. Concluding reflection

10. What do you see as the main barriers to the growth of the SE sector of Bangladesh?
Probe for- further actions necessary to nurture/sustain growth
11. Are there any other issues that have not been covered in the interview which you would like to comment on?

Thank you very much for your help

Topic guide for interview with officers from support institutions

I am developing a PhD thesis at Middlesex University London about the growth and survival of SEs in Bangladesh. This study intends to understand the problems of SEs in Bangladesh in relation to their growth. As a part of this study I am conducting interviews of owners, managers of Bangladeshi SEs to bring insight of their experience on how they are managing the local context and nurturing growth of their SEs. The interview should take about an hour. Your response would be a great help in accomplishing the study. I heartily thank you for your kind cooperation.

A. Background of the interviewee and the organisation

Name of the organisation:

Name of the interviewee:

Position of the interviewee:

Size of the organisation (Number of employees):

Date of interview:

B. Role of interviewee with the SE (s) in Bangladesh

1. What is your role and experience in relation to the SE sector of Bangladesh?

Probe for

- Nature and role of their organisation
- Experience (specific case, overall)
- Future plans/suggestion

2. If has a specific experience of dealing with a SE (s) in Bangladesh then

- What has been their contribution?
- How do they rate the quality of what the SE (s) of what they do?

C. SE challenges and opportunities

3. What do you see as the main challenges to SE growth in Bangladesh that need to be addressed? Why?

Probe for

- Internal factors (managerial competencies, work-force skills, gaps or deficiencies, operational functions like Marketing, Finance, HRM, R&D)
- Local context (recognition, norms, religion, ethics, moral values, hierarchy etc)
- Regulatory environment (rules and regulations, procedures, monitoring/reporting, corruption)
- Policy environment (incentives and impediments, legal enforcements, judicial systems)
- Other political influences

4. In light of your experience, how effective is the support available to SEs in Bangladesh?

Probe for:

- Availability
- Type of support (Financial, non-financial, partnership/collaboration etc)
- Access
- Usefulness of the support (s)

D. Concluding reflection

5. Are there any other issues that have not been covered in the interview which you would like to comment on?

Thank you very much for your help

Topic guide for interview with community leaders, local political leaders, religious leaders and beneficiaries

I am developing a PhD thesis at Middlesex University London about the growth and survival of SEs in Bangladesh. This study intends to understand the problems of SEs in Bangladesh in relation to their growth. As a part of this study I am conducting interviews of owners, managers of Bangladeshi SEs to bring insight of their experience on how they are managing the local context and nurturing growth of their SEs. The interview should take about an hour. Your response would be a great help in accomplishing the study. I heartily thank you for your kind cooperation.

A. Background of the interviewee

Name of the interviewee:

Role of the interviewee in the community:

Date of interview

B. SEs in the community

1. Do you have any experience of working with/for the SE in your community?

Probe for

- Nature of involvement
- Experience of involvement
- Future plan/suggestion

2. What has been their contribution to your community?

Probe for

- Creation of local employment/partnership
- Importance of the goods sold/ service provided to the community
- Alternative options available to address the targeted issues

3. How you have supported the enterprise or were benefitted from their activities?

Probe for

- Type of support
- Intent of support
- Future plans

C. Local context

4. To what extent is the SE accepted and supported by the local people?

Probe for:

- Cooperation provided towards SE
- Reason for cooperation

5. What measures do the SEs in your community has taken to get co-operation and support from the community?

Probe for:

- Awareness creation
- Solve local needs as an insider
- Build relationship within the community

6. Have there been any difficulties arising from the activities of the SE within the community?

If **yes**, have there been any particular areas of tensions

Probe for:

- Type of tension (s)
- Reason for tension (s)
- Steps taken to manage the tension (s)-who involved and why

Thank you very much for your help

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